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Fund of the United Nations Environment Programme

Financial report and audited financial statements

for the biennium ended 31 December 2013

and

Report of the Board of Auditors

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letter dated 31 March 2014 from the Executive Director of the United Nations Environment Programme addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.5 of the Financial Regulations and Rules of the United Nations, I have the honour to transmit the financial report and accounts of the United Nations Environment Programme, including associated trust funds and other related accounts, for the biennium ended 31 December 2013, which I hereby approve. The financial statements have been completed and certified as correct by the Chief Finance Officer.

Copies of these statements are made available to both the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors.

(*Signed*) Achim **Steiner**
Executive Director
United Nations Environment Programme

Letter dated 30 June 2014 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Environment Programme for the biennium ended 31 December 2013.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

We have audited the accompanying financial statements of the Fund of the United Nations Environment Programme for the biennium ended 31 December 2013, which comprise the statement of income and expenditure and changes in reserves and fund balances (statement I), the statement of assets, liabilities, reserves and fund balances (statement II), the statement of cash flows for the biennium (statement III) and the supporting statements, schedules and explanatory notes.

Management's responsibility for the financial statements

The Executive Director of the United Nations Environment Programme is responsible for the preparation and fair presentation of the financial statements in accordance with the United Nations system accounting standards and for such internal controls as management determines are necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations Environment Programme as at 31 December 2013 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations Environment Programme that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules, we have also issued a long-form report on our audit of the Fund of the United Nations Environment Programme.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor-General of China

30 June 2014

Chapter II
Long-form report of the Board of Auditors

Summary

The United Nations Environment Programme (UNEP) is mandated to assist and support Member States to protect the environment by inspiring, informing and giving them the means to improve the living standards of their populations without compromising those of future generations. The Programme's headquarters is in Nairobi, but it has a global presence of six regional offices and eight country/liaison offices, and collaborative arrangements and secretariat functions in several other countries. It has 1,141 staff members, of whom 445 are based in Nairobi. Total income for the 2012-2013 biennium was $943.4 million, while total expenditure was $751.4 million, resulting in an excess of income over expenditure of $192 million, mainly attributed to $131.7 million received in the fourth quarter of 2013.

UNEP also administers and controls 14 multilateral environmental agreements, mainly conventions set up to implement protocols related to the core mandate of the Programme. The income ($214.8 million) and the expenditure ($177.7 million) of the multilateral environmental agreements have been included in the consolidated financial statements of UNEP.

The financial statements also include separate statements for the income, expenditure, assets and liabilities of the Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer. The Trust Fund had reported an income of $266.2 million and expenditure of $298.7 million, resulting in a shortfall of income over expenditure of $32.5 million in the current biennium. The shortfall was further increased to $40.2 million after reflecting prior-period adjustments of $7.7 million which, in turn, decreased the reserve balance to $322.5 million as at 31 December 2013.

The Board of Auditors has audited the financial statements and reviewed the operations of the Fund of the United Nations Environment Programme for the biennium ended 31 December 2013. The audit was carried out through the examination of financial transactions and operations at UNEP headquarters in Nairobi, Kenya.

Opinion

The Board issued an unqualified audit opinion on the financial statements of UNEP for the biennium ended 31 December 2013. The Board's opinion is reflected in the present chapter I of the report.

Overall conclusion

The Board found no significant errors, omissions or misstatements which can affect its opinion on the UNEP financial statements. Nevertheless, the Board found some deficiencies in the areas of projects management and the Programme's preparedness for implementation of the International Public Sector Accounting Standards (IPSAS) reporting framework.

Besides the efforts deployed by UNEP on project management, systemic weakness has been noted in the Integrated Management Information System (IMIS) for the biennium. While the allotments are done for the overall project's lifetime, IMIS produces reports for the biennium without a link to the previously allotted project funds. This causes the lack of cumulative expenditure information for projects at a given time.

While UNEP effectively started implementing IPSAS on 1 January 2014, it missed deadlines against its IPSAS implementation plan. The activities lagging behind schedule include inspection of unliquidated obligation balances, data cleansing for long-outstanding receivables and the readiness of IPSAS opening balances.

Key findings and recommendations

Budgetary controls

Of the 4,194 UNEP projects implemented in the biennium ended 31 December 2013, 787 had budgeting issues: 184 had negative allotments, 155 had zero allotments and 448 incurred expenditures exceeding budgeted allotments. The Board noted that the anomalies were caused in part by deficiencies in IMIS, which cannot reject expenditure entries in some line items with insufficient allotments. With this deficiency, tracking and measuring performance based on budget becomes difficult and meaningless.

Procurement management

During the biennium a total of 14 cases of ex post facto contract approvals, with a total value of $115,585, were noted in the Programme's procurement records. The Board is concerned that ex post facto cases could illustrate poor planning and carry risks of procurement being conducted in ways that are not fair or not transparent. There is also a risk that value for money is not secured. In the Board's view, UNEP needs to enforce compliance with the standard United Nations contracting conditions for adequate competition.

Implementation of the International Public Sector Accounting Standards

The Board noted that UNEP has made good progress in IPSAS implementation. However, UNEP needs to place greater effort on unliquidated obligations, as the Board noted that only $14.3 million, or 16 per cent, of the outstanding balances of unliquidated obligations of $87.8 million had been inspected during the period under review, while 84 per cent were still uninspected. The slow pace of data inspection has a risk of impacting negatively the IPSAS-compliant opening balance of unliquidated obligations, which was scheduled to have been completed by 31 March 2014.

Follow-up of previous recommendations

Of the 32 recommendations made for the biennium 2010-2011, 22 (68 per cent) were fully implemented, 9 (28 per cent) were under implementation, and 1 (3 per cent) was overtaken by events. The Board noted that all nine recommendations under implementation depend, to a large extent, upon a number of changes and reforms outside the direct control of UNEP. Those recommendations include developing a

funding strategy for end-of-service and post-retirement liabilities, and procedures to mitigate exchange rate risks subject to guidance from United Nations Headquarters and consideration of costs and benefits. Also, UNEP needs to specify its requirements for its Crystal software (which is a supplementary module to IMIS) to be included in, or its functions migrated to, Umoja, and to clarify whether the multilateral environmental agreements remain within the operations of UNEP with IPSAS-compliant financial statements. The Board will continue to monitor the progress made.

Recommendations

In the light of the findings above, the Board makes detailed recommendations in the main body of the present report. In summary, the main recommendations are that UNEP:

(a) **Closely monitor projects' budget implementation to ensure that they are in line with approved allotments; improve controls over the project funds and perform monthly reconciliations to allow for proper authorizations before any redeployment is effected; and liaise with the United Nations Office at Nairobi to improve budgetary controls within IMIS, if it is considered beneficial to undertake any reconfiguration before it is replaced by the new United Nations enterprise resource planning system (Umoja);**

(b) **Strengthen procurement planning and deploy effective monitoring and close follow-ups on contract management with a view to minimizing the use of ex post facto approval of contracts;**

(c) **In order to ensure that there is proper disclosure and that the migration to IPSAS takes place smoothly and in a timely manner; review its IPSAS implementation plan to address the urgent need of (i) correcting the non-expendable properties data, (ii) inspecting the remaining large balance of unliquidated obligations before the preparation of dry-run financial statements, (iii) reviewing its long-outstanding receivables for provisioning of doubtful debt and (iv) engaging closely with United Nations Headquarters for reconciliation of donor agreement information.**

A. Background

1. The United Nations Environment Programme (UNEP) is mandated to assist and support Member States in protecting the environment by inspiring and informing them and giving them the means to improve the living standards of their populations without compromising those of future generations. UNEP has its headquarters in Nairobi and employs 1,141 staff around the world, of whom 445 are based at its headquarters. UNEP has a global presence in six regional offices and eight country/liaison offices, as well as collaborative arrangements and secretariat functions in several other countries. The present report also covers a number of bodies with which UNEP has specific and ongoing relationships. These include the Global Environment Facility (GEF), the multilateral environmental agreements and the United Nations Office at Nairobi. Further details are set out below.

2. The United Nations Office at Nairobi provides administrative and financial services to UNEP, including procurement, human resources and information and communications technology management. Many of the recommendations made by the Board to UNEP require joint action with the United Nations Office at Nairobi.

Global Environment Facility

3. UNEP implements GEF, which funds projects undertaken in developing countries in the areas of biodiversity, climate change, international waters, land degradation, ozone layer depletion and persistent organic pollutants. GEF receives voluntary contributions from 34 Member States. The adoption and evaluation of the programmes of GEF are the responsibility of its council.

4. UNEP manages the funds allocated to it from GEF through five trust funds, and these are subject to annual audits by the Board. For the financial year ended 31 December 2013, the trust funds collected a total income of $127.9 million and incurred a total expenditure of $133 million. The Board also provides an annual audit opinion on these trust funds at the request of UNEP and the World Bank, who are the trustees of GEF.

Multilateral environmental agreements

5. Over the years, UNEP activities have led to a number of conventions and associated protocols on major environmental challenges. These have generated multilateral environmental agreements, each requiring countries to develop specific mechanisms and fulfil agreed obligations for improving the environment. UNEP administers 14 multilateral environmental agreements and it discloses in its financial statements the transactions of the trust funds it manages directly, in support of the activities of the agreements and conventions for implementing their agreed protocols and programmes. The Board's audit of UNEP includes an examination of balances relating to multilateral environmental agreements.

B. Mandate, scope and methodology

6. The Board of Auditors has audited the financial statements of the Fund of the United Nations Environment Programme and reviewed its operations for the financial period ended 31 December 2013 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with the Financial

Regulations and Rules of the United Nations and the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

7. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the Fund of the United Nations Environment Programme as at 31 December 2013 and its financial performance and cash flows for the financial period, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies, and whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

8. The Board also reviewed UNEP operations under financial regulation 7.5, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of UNEP operations.

9. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly.

10. The Board's observations and conclusions were discussed with UNEP management, whose views have been appropriately reflected in the report.

C. Findings and recommendations

1. Follow-up of previous recommendations

11. Of the 32 recommendations made for the biennium 2010-2011, 22 (69 per cent) were fully implemented, 9 (28 per cent) were under implementation and 1 (3 per cent) was overtaken by events.

Recommendations under implementation

12. The Board noted that all nine recommendations under implementation depend, to a large extent, upon a number of changes and reforms outside the direct control of UNEP. Those recommendations include developing a funding strategy for end-of-service and post-retirement liabilities and procedures to mitigate exchange rate risks subject to guidance from United Nations Headquarters and consideration of costs and benefits. Also, UNEP is to specify its needs for including the Crystal software (which is a supplementary module to IMIS) in the future Umoja. In addition, regarding the recommendation on whether the multilateral environmental agreements remain within the operations of UNEP on IPSAS-compliant financial statements, UNEP explained the Headquarters IPSAS team is of the view that the consolidation of the Multilateral Fund with the financial statements of UNEP is appropriate. The Board will therefore follow up the implementation of this arrangement to see if it complies with IPSAS 6: Consolidated and separate financial statements.

13. The recommendation overtaken by event requires UNEP to coordinate with the United Nations Office at Nairobi to add a required field in IMIS so that contract numbers can be entered for orders of goods and services associated with a particular contract, and to keep the contract management database up-to-date. The adoption of Umoja overtakes this recommendation.

2. Financial overview

Income and expenditure

14. Total income for the period under review amounted to $943.4 million (2010-2011: $800.7 million) and total expenditure amounted to $751.4 million (2010-2011: $809.2 million), resulting in an excess of income over expenditure of $192 million (2010-2011: minus 8.5 million). The improvement is due to an increase in income by $142.7 million (17.8 per cent) and a decrease in expenditure by $57.8 million (7.1 per cent), as compared to the previous reporting period, mainly attributed to $131.7 million received in the fourth quarter of 2013.

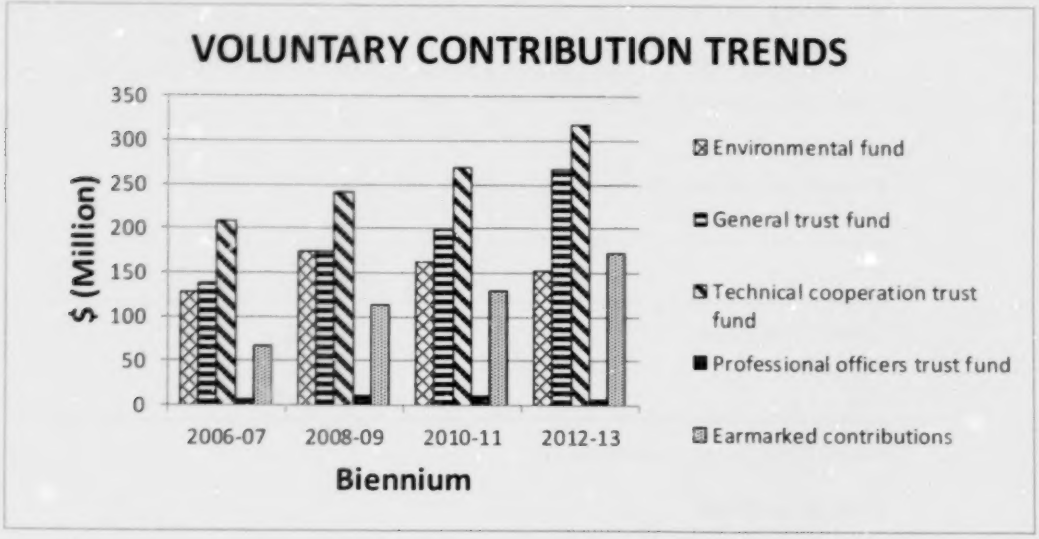
15. During 2012-2013, voluntary contributions amounted to $917.1 million or 97.2 per cent of the total income for the biennium. The voluntary contributions for the biennium under review increased by $144.4 million (18.7 per cent), compared with contributions of $773 million recorded in the biennium 2010-2011. This increase resulted from increases in: General Trust Fund (by 34.7 per cent or an additional of $69.2 million), Technical Cooperation Trust Fund (by 17.6 per cent or an additional of $47.44 million); and Earmarked contributions (by 31.9 per cent or an additional of $41.58 million). However, the Environmental fund decreased by 6.7 per cent and Professional Officers' Trust Fund decreased by 31.8 per cent. Table 1 and figure 1 below show the trends of voluntary contributions for the past four bienniums.

Table II.1
Trend of voluntary contributions
(Millions of United States dollars)

	Voluntary contributions income			
Funds	*2006-2007*	*2008-2009*	*2010-2011*	*2012-2013*
Environmental fund	127.9	174.6	162.5	151.5
General trust fund	138.7	174.6	199.4	268.6
Technical cooperation trust fund	209.1	241.6	270.1	317.6
Professional officers trust fund	6.5	9.6	9.5	6.3
Earmarked contributions	66.7	113.0	130.5	172.1
Other contributions	1.0	1.0	1.0	1.0
Total	**549.9**	**714.4**	**773.0**	**917.1**

Source: UNEP financial statements.

Figure II.1
Voluntary contribution trend analysis



Source: UNEP financial statements.

Assets and liabilities

16. Total assets for the biennium, excluding the non-expendable properties, which according to the reporting framework are not included in the statement of assets and liabilities, amounted to $887.2 million (2010-2011: $644.5 million), while total liabilities amounted to $452.9 million (2010: $407.6 million). Assets increased by $242.8 million, or 37.7 per cent, and liabilities increased by $45.3 million, or 11.1 per cent, compared with the previous biennium. The main reason for the increase in assets was "other assets", which increased by $93.9 million from $74.4 million, primarily as a result of an increase of $94.7 million in deferred charges, relating to future-year project commitments in the previous biennium, to $168.3 million in the current biennium.

17. Also, $566.6 million was recorded as closing balance of cash, term deposits and cash pools, representing an increase of 32.6 per cent, or $139.4 million, compared with the previous biennium. Inter-fund balances receivable increased by 41 per cent, or $15.5 million, to $53.5 million compared with the previous biennium.

18. The increase in total liabilities was primarily a result of an increase in other liabilities, inter-fund balances and end-of-service and post-retirement benefits compared with the amounts reported in 2010-2011. Other liabilities (which are reinstated obligations outstanding on the small-scale-funding agreement, and the commitment against future years) increased by 144.4 per cent, or $98.2 million, from $68 million (2010-2011) to $166.2 million (2012-2013). Inter-fund balances payable also increased by 45.5 per cent, or $17.8 million, from $39.1 million (2010-2011) to $56.9 million (2012-2013). End-of-service and post-retirement benefit

increases by 11.6 per cent, or $11.8 million, from $102.1 million (2010-2011) to $113.9 million (2012-2013).

19. UNEP cash balances at the end of 2012-2013 were 32.6 per cent higher than those of 2010-2011. The excessive cash balance was due to receipt of voluntary contributions of $131.7 million in the fourth quarter of 2013, resulting in a large cash balance (see table II.2).

Table II.2
Comparison of contributions, expenditure and cash
(Millions of United States dollars)

	2008-2009	*2010-2011*	*Change (percentage)*	*2012-2013*	*Change (percentage)*
Voluntary contributions	714.4	772.7	+8.2	917.1	+18.7
Expenditure	699.6	809.2	+15.7	751.4	-7.1
Cash	376.6	427.2	+13.4	566.6	+32.6

Source: UNEP financial statements.

Multilateral Fund

20. The financial statement (statement XI) of the Multilateral Fund is not consolidated with other UNEP funds. It is reported separately from other funds in the UNEP financial statements, which are submitted to the Executive Committee of the Multilateral Fund.

21. As shown in table II.2, the Multilateral Fund recorded a net deficit of $32.5 million for the biennium 2012-2013, compared with a surplus of $49.9 million in 2010-2011. The Multilateral Fund also recorded a positive total reserves and fund balance of $322.6 million as at 31 December 2013, a decrease of $40.1 million as compared with the balance of $362.7 million as at 31 December 2011. The current biennium deficit and prior-period adjustments are largely attributed to the non-proportionate increase in expenditure over income. Income for the Multilateral Fund increased by 1 per cent from 2011 to 2013, whereas expenditures increased by 40 per cent, from $213.6 million in 2011 to $298.7 million in 2013.

Table II.3
Multilateral Fund financial performance
(Millions of United States dollars)

	2008-2009	*2010-2011*	*2012-2013*
Income	282.9	263.5	266.2
Expenditure	284.8	213.6	298.7
Surplus or deficit	(1.9)	49.9	(32.5)
Assets	481.5	493.9	527.8
Liabilities	3.2	131.2	205.3
Total reserve and fund balance	**478.7**	**362.7**	**322.6**

Source: UNEP financial statements.

3. Financial management and reporting

Inadequate controls on budgetary ceilings

22. From the review of budgets for 4,194 projects implemented by UNEP for the biennium ended 31 December 2013, the Board noted deficiencies in budgetary control in 787 of those projects:

(a) 184 projects reported expenditures of $35.83 million over and above the approved allotments;

(b) Allotments of $105 million for 448 projects were not utilized up to the end of the biennium (100 per cent);

(c) 155 projects which had no budget allotments during the biennium had expenditures amounting to $21.05 million as at 31 December 2013.

23. The Board notes that UNEP did not comply with the approved budgetary ceilings and allotments which guide the spending and implementation of projects. This is partly due to design faults in IMIS, which cannot reject any charge of project expenditure without allotments. UNEP informed the Board that the current controls in IMIS are for regular budget funds and not applied to project funds.

24. The Board believes that UNEP could use alternative procedures to supplement the system to check the risks of over-allotments, under-allotments and implementation of projects which were not budgeted for. Currently, the tracking and measuring of performance based on budget becomes difficult and meaningless.

25. UNEP stated that as an alternative control, funds management officers review the project budgets to ensure that they are adequately implemented according to the approved plan. However, UNEP was unable to provide evidence of budget performance reviews to confirm that the respective funds management officers regularly review the implementation of projects under their jurisdiction. At the time of audit (April 2014), the amounts spent beyond the allotments had not been approved by the appropriate authority.

26. **UNEP agreed with the Board's recommendation that it (a) require funds management officers to closely monitor project budget implementation to ensure that project expenditures are in line with approved allotments, (b) improve controls over the project funds and perform monthly reconciliations to allow for proper authorizations before any redeployment is effected and (c) liaise with the United Nations Office at Nairobi to improve budgetary controls within IMIS, if it is considered beneficial to undertake any reconfiguration before it is replaced by the new enterprise resource planning system, Umoja.**

27. Though UNEP agreed with the recommendation, it noted it would not be beneficial to undertake any reconfiguration at the present stage, as IMIS would soon be replaced by Umoja (expected in November 2014). Moreover, enterprise resource planning reform is a secretariat-wide initiative, and in that context, the recommendation could be implemented by UNEP only following guidance and instructions from United Nations Headquarters.

4. Management of implementing partners

28. By its resolution 60/215, the General Assembly encouraged the relevant United Nations organizations and agencies, as well as the Global Compact Office, to share experiences through partnerships. The UNEP policy on partnerships and the guidelines for implementation also require information-sharing and knowledge management through an integrated project database.

29. The Board noted that UNEP lacks a reliable central database for recording and monitoring the activities of its implementing partners, including advances movement. Without a central database, UNEP cannot establish the performance of each implementing partner both quantitatively and qualitatively. In addition, UNEP was unable to provide consolidated values of partnerships per division or details of how partners were performing against the agreed milestones.

30. The Board is concerned that, since UNEP started IPSAS implementation effectively on 1 January 2014, inadequate information relating to implementing partners might have a negative effect on the completeness and reliability of the IPSAS opening balances for advances to implementing partners. The Board noted that outstanding advances to implementing partners as reported in the financial statements amounted to $319.25 million, but there were no proper records maintained by UNEP to indicate the due dates for each amount advanced.

31. **The Board recommends that UNEP (a) establish a well-designed database for its implementing partners to enable proper tracking and monitoring of information, and (b) keep a sufficient trail of advances issued to implementing partners.**

5. Global Environment Facility

Non-submission of audit certificates

32. As part of the audit of the UNEP Global Environment Facility (GEF), the Board reviewed the procedures for the coordination of the GEF projects for the financial year ended 31 December 2012. The projects are implemented internally by UNEP and externally through delivering partners worldwide, known as executing agencies. Under the existing procedures, UNEP enters into legal agreements with the delivering partners for all externally executed projects; the contracts cover areas such as the project implementation and accountability.

33. According to the requirements of chapter 7 (f) of the 2013 UNEP programme manual, and the GEF project cooperation agreement, each of the projects undertaken by non-United Nations entities with value exceeding $200,000 is subjected to audits and the audit certificates are required to be submitted to the GEF coordination office by 1 July of the following year. The project agreements require that total expenditure incurred by 31 December of each year be audited by an independent audit authority and a report sent to UNEP on or before 30 June (within 180 days).

34. Audit certificates for 14 projects, with a total value of $1.3 million (out of 93 projects in the amount of $133 million implemented in 2012-2013), were not received by UNEP at the time of the Board's final audit (April 2014). This is a delay of 10 months from the due date of 1 July 2013. The Board acknowledges the follow-up made by the GEF coordination office for the outstanding audit certificates and the decision of UNEP to withhold disbursements as a means of compelling the respective GEF projects to submit the pending audit certificates.

35. However, the Board considers that the initiatives are still inadequate, as the number of pending audit certificates remains high and the delays in their submission remain lengthy. The failure to submit audit certificates is contrary to the signed project cooperation agreements. The Board is of the view that UNEP can enhance the rate of compliance by strengthening follow-up of the certificates and issuing global audit instructions to the GEF executing partners to ensure that the audit is coordinated in a timely manner and the audit certificates are submitted without delays.

36. **The Board recommends that UNEP enhance the enforcement over the submission of the outstanding audit certificates and ensure in future that all audit certificates are submitted within the time frame stipulated in the project cooperation agreement.**

6. Procurement management

Ex post facto cases

37. The Board reviewed contracts award report for the biennium 2012-2013 and found 16 ex post facto contract approvals, with a total value of $1.77 million, representing 2.8 per cent of the total procurement of $63.02 million, without justifiable grounds, contrary to paragraph 12.10.2 of the United Nations Procurement Manual, which allows for the retrospective approval of contracts (ex post facto cases) only in exceptional circumstances.

38. The Board is concerned that ex post facto cases could illustrate poor planning, and carry risks of procurement being conducted in ways that are not fair or transparent. There is also a risk that value for money is not secured. In the Board's view, UNEP needs to enforce compliance with the standard United Nations contracting conditions for adequate competition.

39. **UNEP agreed with the Board's recommendation that it strengthen procurement planning and deploy effective monitoring and close follow-ups on contract management with a view to minimizing the use of ex post facto approval of contracts.**

40. UNEP subsequently informed the Board that it had introduced new guidelines during the third quarter of the biennium, with stricter controls requiring full review of each post facto case before a recommendation is made, and they had proven to be effective.

7. Programme and projects management

Non-closure of inactive projects

41. Part C, paragraph 11 of the UNEP project manual of May 2013 requires closure of projects within 24 months of operational completion or project termination. However, the Board noted 20 inactive projects with a combined programme budget of $14.47 million and actual expenditure of $13.96 million, representing 96 per cent of the programme budget, that had not been closed financially, despite having been completed over three years ago.

42. UNEP stated that, on a monthly basis after the programme performance reporting, the Quality Assurance Section engaged with divisions on the management of their project portfolio and that the issues discussed in those engagements

included projects requiring alignment with the programme of work and projects that were technically completed and needed financial closure.

43. UNEP also informed the Board that when it started putting project information in the programme information management system in 2010, all projects had been given the status "inactive", and that later the status had been changed to "ongoing", "completed" or "cancelled" on the basis of the information received from the division during the consultations. That procedure was intended to ensure that closure of those projects was undertaken and no expenditures were carried out on the inactive projects.

44. While recognizing the action taken by UNEP, the non-closure of inactive projects and delays in updating the programme information management system undermine its reliability as a project monitoring and evaluation tool. Additionally, although no losses were identified, the prolonged delay in closing a project financially poses an increased risk of misuse of the unspent balances and delays the clearing of obligations.

45. UNEP agreed with the Board's recommendation that it identify and address the causes of delays in the finalization of projects so that all operationally closed projects are also financially closed within 24 months in accordance with the UNEP project manual.

8. Status of implementation of the International Public Sector Accounting Standards

46. Effective 1 January 2014, UNEP migrated from the United Nations system accounting standards to the International Public Sector Accounting Standards. United Nations Headquarters instructed UNEP to ensure that by 1 January 2014 an action plan was in place to facilitate a smooth migration to IPSAS.

47. The Board reviewed the project management tool and progress reports and noted that, while UNEP had implemented most of its planned activities for IPSAS implementation, it still needed to address the following deficiencies.

Inconsistency of non-expendable property details in the Hardcat system

48. Under the United Nations system accounting standards, non-expendable properties are not capitalized and disclosed as fixed assets in the assets statement within statement II, but rather the expenditure is charged against current appropriations when a non-expendable property is acquired. For control and monitoring purposes, UNEP maintains an asset register in its Hardcat system, which keeps records of each asset. The Board noted that 12 items worth $0.35 million had duplicate serial numbers; that two items worth $5,093.66 had duplicate bar codes; and that seven items with a total value of $11,378.33 had neither bar codes nor asset codes.

49. While recognizing the technical problem with the equipment used to capture non-expendable property codes before uploading to the Hardcat system, the Board is concerned that controls over the identification and monitoring of non-expendable property movements are weak.

Review of unliquidated obligations for reporting under the International Public Sector Accounting Standards

50. The United Nations system accounting standards provide for recognition of unliquidated obligations as expenditure but, under IPSAS, expenditure is recognized on the basis of the delivery principle. For the purpose of preparing IPSAS-compliant opening balances, unliquidated obligations and accounts payable balances were to be adjusted in accordance with the delivery principle. The year-end financial closure instructions required the review of unliquidated obligations to be ready by 31 December 2013 and grouped into delivered and undelivered categories. Given the slow pace of implementation, only $14.3 million (16 per cent) of the outstanding unliquidated obligation balances of $87.8 million had been inspected as of January 2014, leaving unliquidated obligations of $73.5 million (84 per cent) uninspected at the time of the Board's audit in April 2014. The slow pace of data cleansing could affect the accuracy of opening balances for 2014 financial statements.

Provisions for doubtful debts

51. As at 31 December 2013, the Programme's total accounts receivable amounted to $328.5 million, of which $13.5 million had been overdue for more than two years, and $6.2 million had been overdue for more than four years. The Board found that UNEP had not reviewed all of its long-outstanding receivables to estimate its total doubtful debts. Failure to recognize provisions for doubtful debts on long overdue receivables could lead to a misstatement of account receivables.

Donor agreements

52. UNEP had 2,600 pledges for the year 2012 and 1,965 pledges for the year 2013. Pledges are the main source of revenue and vital information for IPSAS opening balances preparation. While UNEP has been cleansing data relating to contribution/pledges, it has not yet linked its database for reconciliation with United Nations Headquarters information. The exercise remained incomplete for more than 12 months owing to the lack of compatibility between the United Nations Headquarters spreadsheet template, which is a vehicle for data transfer to Umoja, and the UNEP contributions database.

53. The Board is concerned that pending issues on pledges and contribution agreements could lead to errors in the figures for revenue. UNEP needs to engage closely with United Nations Headquarters to reconcile the information and to ensure the accuracy and completeness of the revenue figure to be included in the IPSAS opening balance.

54. **In order to ensure that there is proper disclosure and that the migration to IPSAS takes place smoothly and in a timely manner, the Board recommends that UNEP review its IPSAS implementation plan to address the urgent need for (a) inspecting the remaining large balance of unliquidated obligations before the preparation of dry-run financial statements, (b) reviewing its long-outstanding receivables for provisioning of doubtful debt, (c) correcting non-expendable properties identified with the deficiencies and (d) engaging closely with United Nations Headquarters for reconciliation of donor agreement information.**

55. While at the time of the audit UNEP was still not content with the accounting treatment of the unliquidated obligations, it has subsequently informed the Board, that following the discussions, the United Nations Headquarters Umoja team will provide guidelines to be adopted by all entities that will be implementing Umoja.

D. Disclosures by management

56. UNEP made the following disclosures relating to write-offs, ex gratia payments and cases of fraud and presumptive fraud. In our view they are not significant, and management has taken adequate corrective measures.

1. Write-off of losses of cash, receivables and property

57. The Administration informed the Board that, in accordance with financial rule 106.8, losses of cash and receivables amounting to $95,784 had been written off during 2012-2013. In accordance with financial rule 106.9, losses amounting to $80,956 had also been written off in respect of non-expendable property.

2. Ex gratia payments

58. The administration reported no ex gratia payments for the period under review.

3. Cases of fraud and presumptive fraud

59. In accordance with paragraph 6 (c) (i) of the annex to the Financial Regulations and Rules of the United Nations, the Board examined the cases of fraud and presumptive fraud that had taken place during the biennium. For the biennium ended 31 December 2013, UNEP reported three cases of fraud and presumptive fraud to the Board:

(a) In one case, a staff member presented her June 2013 pay slip to the United Nations Office at Nairobi to secure a loan, and it was discovered that she had altered the pay slip to show a net income of 30,015 Kenya shillings, whereas her true earnings for that period was zero. On 31 January 2014, a panel was appointed and begun to conduct the investigation;

(b) The second case was of misconduct pertaining to the misuse of United Nations resources, as well as non-compliance with the United Nations rules on sick leave. The staff member later resigned, while approximately $15,745.47 of the amount taken was recovered from her salary;

(c) The third case was one of mismanagement of cash contributions in the form of spending of donor cash outside normal channels. The case is under investigation.

E. Acknowledgement

60. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and the staff members of UNEP.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) **Lin** Jiayi
Auditor General of China

30 June 2014

Annex

Status of implementation of recommendations of the Board of Auditors for the biennium ended 31 December 2011

Summary of the recommendation	*Reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Overtaken by events*
Continue to prepare for the implementation of IPSAS in collaboration with the United Nations Office at Nairobi; and specify its needs for the migration of the Crystal software to the future enterprise resource planning system of the Secretariat (Umoja)	A/69/5/Add.7, chap. II, para. 38	2008-2009		X	
Set up specific funding to balance its liabilities for end-of-service and post-retirement benefits, for consideration and approval by its Governing Council and the General Assembly	A/69/5/Add.7, chap. II, para. 112	2006-2007		X	
Take advantage of the installation of the new enterprise resource planning system to set up indicators for the regular monitoring of the cash situation	A/69/5/Add.7, chap. II, para. 29	2008-2009	X		
Close the Trust Fund for the Establishment of the Interim Secretariat of the Biological Diversity Convention	A/69/5/Add.7, chap. II, para. 65	2008-2009	X		
In collaboration with the United Nations Headquarters Administration, revise its accounting treatment of education grants	A/69/5/Add.7, chap. II, para. 88	2008-2009		X	
Consider a review of its policy for the valuation of leave liability in its implementation of IPSAS	A/69/5/Add.7, chap. II, para. 129	2008-2009		X	
Ensure that all indicators of achievement are supported by documentary evidence	A/69/5/Add.7, chap. II, para. 134	2008-2009	X		
In coordination with the United Nations Office at Nairobi, (a) add a required field in the IMIS system so that the relevant contract number can be entered for orders for goods and services associated with a particular contract and (b) keep the contract management database up to date	A/69/5/Add.7, chap. II, para. 156	2008-2009			X
Extend the inventory management system to out posted and liaison offices	A/69/5/Add.7, chap. II, para. 163	2008-2009	X		
In coordination with the United Nations Office at Nairobi, take advantage of the upcoming implementation of the new enterprise resource planning system to eliminate journal voucher entries; and strengthen internal control over journal voucher entries and the access rights to make them	A/69/5/Add.7, chap. II, para. 177	2008-2009		X	
The Board recommended that UNEP (a) enhance and clarify the oversight role and delegation of authority for the creation of allotments without delay and (b) issue to all concerned parties clarified authorizing documents that set out their roles and responsibilities	A/69/5/Add.7, chap. II, para. 28	2010-2011	X		

Summary of the recommendation	*Reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Overtaken by events*
It was recommended that UNEP (a) review the nature of its relationship with each of the multilateral environmental agreements, taking full account of the extent to which the multilateral environmental agreements have already implemented procedures that place them outside the scope of the operational and financial control of UNEP, and (b) determine for the purposes of IPSAS transition whether the multilateral environmental agreements concerned remain within or under the operational and financial control of UNEP	A/69/5/Add.7, chap. II, para. 46	2010-2011		X	
It was recommended that (a) UNEP review the cash reserves of each trust fund before expenditures are incurred, (b) that it require explicit and documented prior approval of the its Executive Director or his delegated representative for any instance where trust funds will spend more than the cash they have available, and (c) that the Executive Director take necessary steps to ensure that the spending of more cash than is available to each trust fund is reduced to the minimum level possible during the current biennium	A/69/5/Add.7, chap. II, para. 54	2010-2011	X		
The Board recommended that UNEP disclose in the financial statements of the Trust Fund for the Multilateral Fund for each biennium the value of exchange rate losses (or gains) that occurred during the financial period, as a separate line item on the face of the financial statements	A/69/5/Add.7, chap. II, para. 63	2010-2011	X		
The Board recommended that UNEP consider the feasibility of introducing procedures to mitigate exchange rate risks, subject to guidance from United Nations Headquarters and consideration of the costs and benefits	A/69/5/Add.7, chap. II, para. 66	2010-2011		X	
The Board reiterated its previous recommendation that UNEP set up specific arrangements to fund its liabilities for end-of-service and post-retirement benefits, for consideration and approval by its Governing Council and the General Assembly. The Board recognized that UNEP would need to seek guidance from United Nations Headquarters on this matter	A/69/5/Add.7, chap. II, para. 69	2010-2011		X	
It was recommended that UNEP liaise with the United Nations Office at Nairobi to assign an appropriate individual to monitor the impact of exchange rate fluctuations on its cash balances, as translated into United States dollars, and to alert senior management to any action needed to avoid losses	A/69/5/Add.7, chap. II, para. 74	2010-2011	X		
UNEP, in liaison with the United Nations Office at Nairobi, to seek guidance and clarification from United Nations Headquarters on the management of currency exchange risk on all large non-United States dollar balances within its investment pool	A/69/5/Add.7, chap. II, para. 76	2010-2011		X	
It was recommended that UNEP only make payments to its implementing partners when it has sufficient evidence that the funds are required for the immediate settlement of project costs and that it recalls those funds whenever projects are subsequently subject to delay	A/69/5/Add.7, chap. II, para. 80	2010-2011	X		

Summary of the recommendation	*Reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Overtaken by events*
UNEP and the United Nations Office at Nairobi to investigate all unsupported balances within its ledgers and cleanse the ledgers through appropriate write-offs	A/69/5/Add.7, chap. II, para. 83	2010-2011	X		
UNEP, in liaison with the United Nations Office at Nairobi, to review asset-security arrangements at the Nairobi duty station and implement procedures to improve the security of its valuable and attractive assets	A/69/5/Add.7, chap. II, para. 85	2010-2011	X		
UNEP, with the input of the United Nations Office at Nairobi, to strengthen the controls around the capture and recording of its assets and address the underlying reasons for the omission of assets from asset registers, identified during 2010-2011	A/69/5/Add.7, chap. II, para. 90	2010-2011	X		
The Board recommended that UNEP proceed with the development and implementation of enterprise risk management and develop, during 2012, a specific plan for implementation, including timescales and the allocation of responsibilities for implementation to individuals	A/69/5/Add.7, chap. II, para. 93	2010-2011	X		
UNEP to determine, in advance of the next procurement training sessions, which staff should be trained first, and engage with the United Nations Office at Nairobi to secure the necessary training	A/69/5/Add.7, chap. II, para. 99	2010-2011	X		
It was recommended that UNEP (a) require requisitioners to channel through the United Nations Office at Nairobi Procurement Section all procurement requirements that fall under the delegated procurement authority of the United Nations Office at Nairobi, so that only the United Nations Office at Nairobi Procurement Section would create commitments to vendors, in accordance with existing rules; and (b) review regularly, and at least quarterly, its use of waivers and ex post facto approvals, to assure itself that the use is justified	A/69/5/Add.7, chap. II, para. 102	2010-2011	X		
It was recommended that UNEP and the United Nations Office at Nairobi, before the end of 2012, agree on a detailed and costed delivery plan that covers all aspects of IPSAS implementation and sets out the key milestones to be achieved from the present time until the delivery of the first set of IPSAS-compliant financial statements in 2014	A/69/5/Add.7, chap. II, para. 107	2010-2011	X		
In liaison with the United Nations Office at Nairobi, UNEP to clarify its plan for funding its implementation of IPSAS before the end of 2012	A/69/5/Add.7, chap. II, para. 110	2010-2011	X		
It was recommended that UNEP, when finalizing its outputs for the 2014-2017 medium-term strategy and related programme of work, define each project's expected contribution to its strategic outputs, outcomes and expected accomplishments and establish performance indicators that can be aggregated to provide an overall picture of programme performance. Where an individual project contributed to more than one expected accomplishment, the respective contribution to each expected accomplishment should be defined	A/69/5/Add.7, chap. II, para. 114	2010-2011	X		

Summary of the recommendation	*Reference*	*Financial period first made*	*Implemented*	*Under implementation*	*Overtaken by events*
UNEP to articulate clearly in future project proposals the baselines, targets, data sources and methods to be used to measure progress towards intended results	A/69/5/Add.7, chap. II, para. 121	2010-2011	X		
The Board recommended (a) that UNEP project managers notify senior management of all projects that are not progressing well in terms of time, cost and/or quality, the reasons for the problems, and actions proposed to address them; and (b) that senior management review progress to assess whether the proposed actions have been addressed and require that such action be reported as part of the programme performance reports	A/69/5/Add.7, chap. II, para. 127	2010-2011	X		
UNEP senior management team to review performance and progress against its strategic plan, at least every six months, and document its consideration, including any actions to be taken	A/69/5/Add.7, chap. II, para. 129	2010-2011	X		
UNEP agreed with the Board's recommendation that, before the end of 2012, it determine the best way to embed learning across portfolios, allocating to the relevant sections responsibility for actions to address the areas for improvement	A/69/5/Add.7, chap. II, para. 134	2010-2011	X		
Total		**32**	**22**	**9**	**1**
Percentage		**100**	**69**	**28**	**3**

Chapter III
Certification of the financial statements

Letter dated 31 March 2014 from the Chief Finance Officer of the United Nations Office at Nairobi addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Environment Programme for the biennium ended 31 December 2013 have been prepared in accordance with rule 106.10 of the Financial Regulations and Rules of the United Nations and rule 213.3 of the Financial Rules of the Fund of the United Nations Environment Programme.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes, and the accompanying schedules, provide additional information and clarification of the financial activities undertaken by the United Nations Environment Programme during the period covered by these statements.

The certification function defined in financial rules 105.5 and 105.7 to 105.9 of the United Nations is assigned to the United Nations Environment Programme. Responsibility for the accounts and the performance of the approving function, as defined in article VI and financial rule 105.6 of the Financial Regulations and Rules of the United Nations, is assigned to the United Nations Office at Nairobi.

In accordance with the authority assigned to me, I hereby certify that the appended financial statements of the Fund of the United Nations Environment Programme for the biennium ended 31 December 2013 are correct.

(*Signed*) Christopher **Kirkcaldy**
Chief Finance Officer
United Nations Office at Nairobi

Chapter IV

Administration's financial overview for the biennium ended 31 December 2013

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts of the United Nations Environment Programme including the Environment Fund, associated trust funds and the related accounts for the biennium ended 31 December 2013. The accounts consist of 11 statements supported by three schedules and notes to the financial statements. In accordance with financial rule 106.10, these accounts were transmitted to the Board of Auditors on 31 March 2014.

2. Comparative figures for the biennium ended 31 December 2011, as appropriate, have been reflected in the financial statements. These have been restated where applicable.

3. In conformity with United Nations Headquarters reporting requirements:

(a) The inter-fund balances are not offset;

(b) The accounts receivable and accounts payable are reported without offset;

(c) Accrued liabilities for end-of-service benefits, comprising After-Service Health Insurance liabilities, annual leave and repatriation benefits, are presented as liabilities in the accounts.

4. The financial results of all trust funds are summarized in statements I to III and categorized under statements V to VII.

5. Regular budget expenditure, insofar as it relates to the United Nations Environment Programme, is included on the face of the financial statements and in the notes thereto.

6. The financial statements and schedules, as well as the notes thereto, are an integral part of the financial report.

Overview

All funds

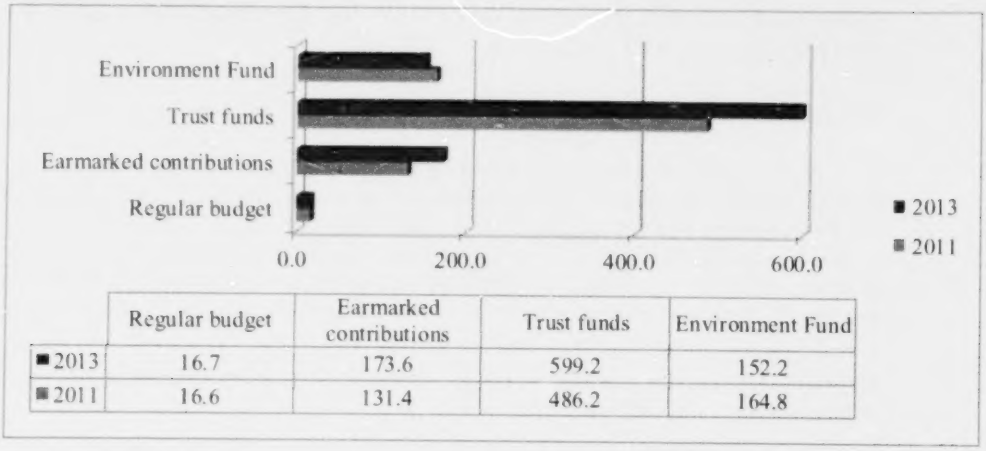
7. Statements I to III show the UNEP all funds summary financial position for the biennium ended 31 December 2013, with comparative figures for the biennium ended 31 December 2011. These figures exclude the Multilateral Fund, which is reported in statement XI.

8. Total income increased by $142.7 million (17.8 per cent) from $800.7 million to $943.4 million. This includes $131.7 million received in the fourth quarter of 2013, much of which will be programmed in future years.

9. The following figure shows the income of UNEP by major funding source categories for the biennium ended 31 December 2013 compared with the biennium ended 31 December 2011.[1]

[1] For the purposes of the chart presentations, trust funds include all trust funds excluding Environment Fund and earmarked contributions.

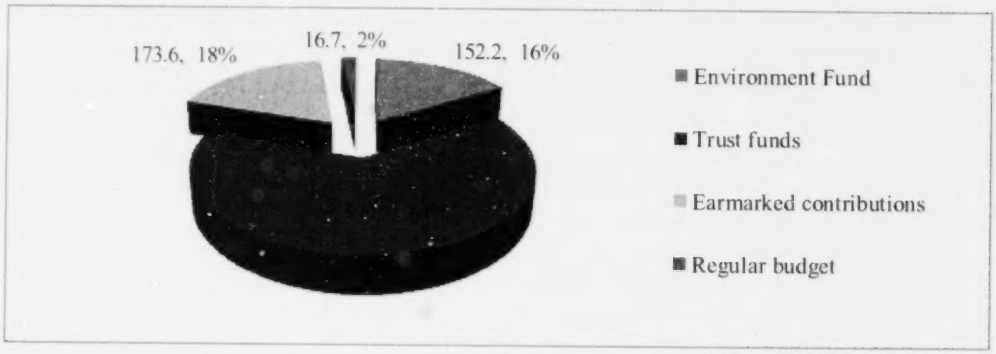
(Millions of United States dollars)



	Regular budget	Earmarked contributions	Trust funds	Environment Fund
2013	16.7	173.6	599.2	152.2
2011	16.6	131.4	486.2	164.8

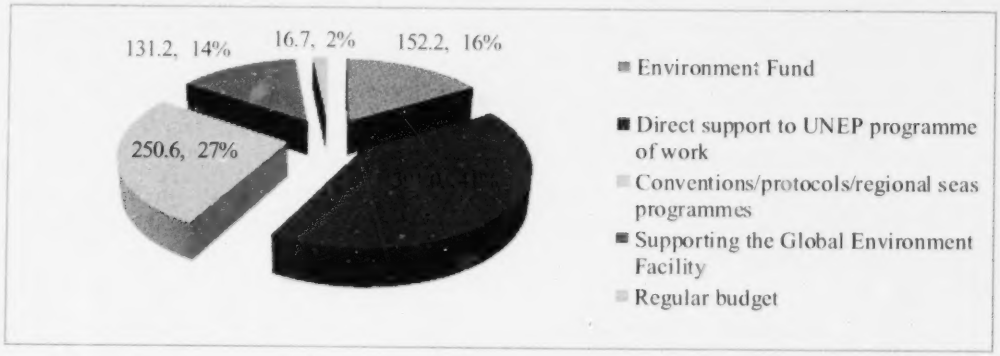
10. The following figure shows the income of UNEP for the biennium ended 31 December 2013 by source of funding.

(Millions of United States dollars)



11. The following figure shows the income of UNEP for the biennium ended 31 December 2013 by type of support.

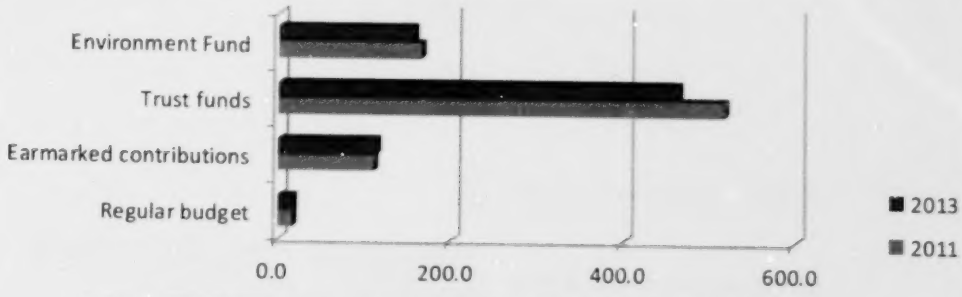
(Millions of United States dollars)



12. Total expenditure decreased by $57.8 million (7.1 per cent) from $809.2 million to $751.4 million.

13. The following is a comparison of expenditure by major source of funding categories between the years ended 31 December 2013 and 2011.

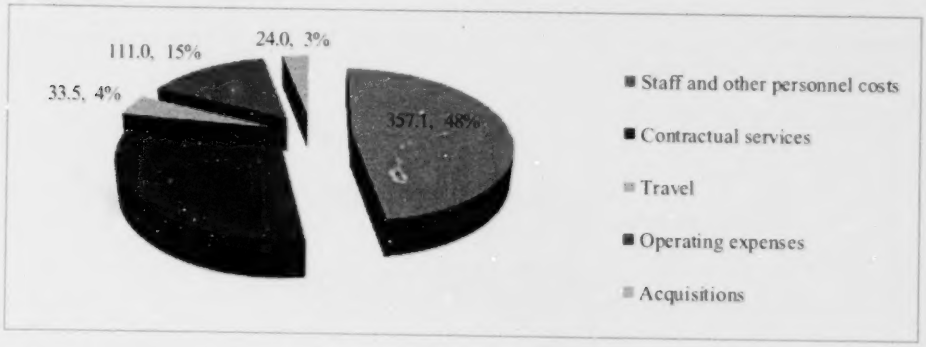
(Millions of United States dollars)



	Regular budget	Earmarked contributions	Trust funds	Environment Fund
2013	16.7	113.3	463.0	155.9
2011	16.6	110.3	517.4	164.8

14. Expenditure for the biennium ended 31 December 2013 by nature of expense is shown below.

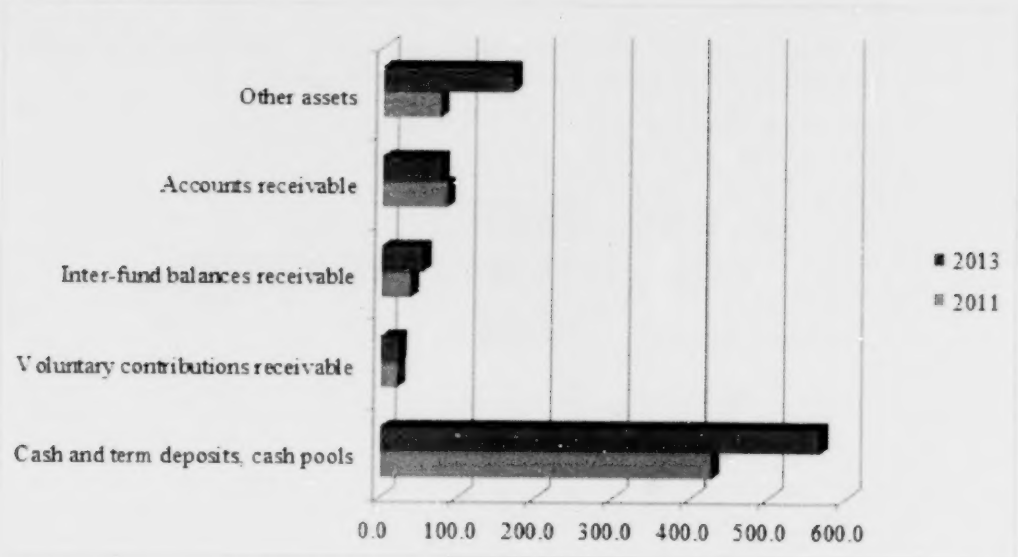
(Millions of United States dollars)



15. The excess of income over expenditure before adjustments was $192.0 million, as compared with an excess of expenditure over income of $8.5 million for the biennium ended 31 December 2011.

16. Total assets, including end-of-service and post-retirement benefits of $27.3 million, increased by $242.8 million (37.7 per cent) to $887.2 million. The following figure shows that the increases are in other assets, inter-fund balances receivable, cash, term deposits and cash pools. The changes in other assets and inter-fund balances have equal effect on other liabilities and inter-fund balances payable and are explained further in paragraph 18 below.

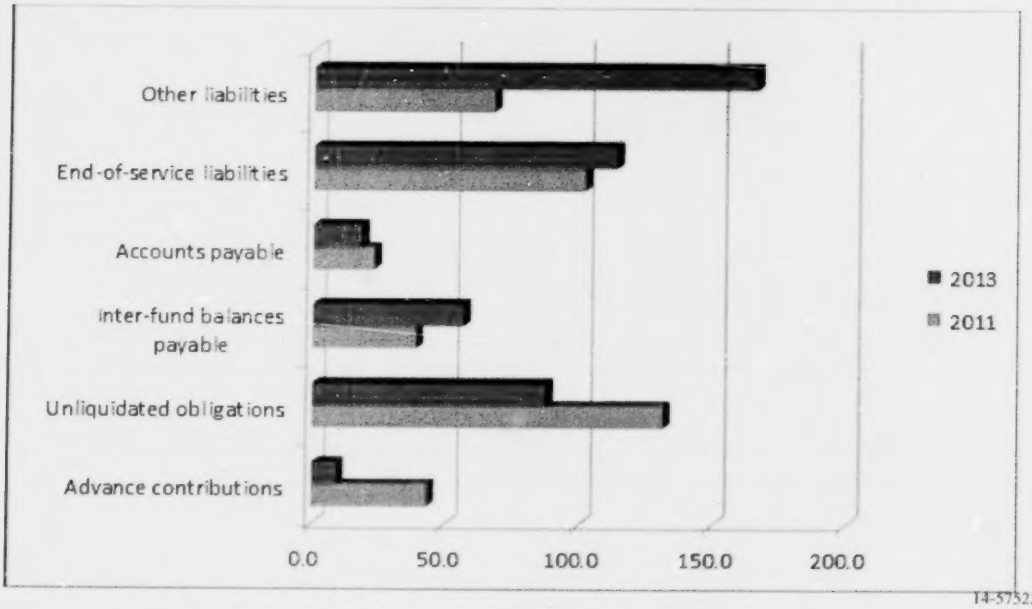
(Millions of United States dollars)



17. The cash position (cash and term deposits, cash pools) increased by $139.4 million (32.6 per cent) to $566.6 million, largely as a result of the high fourth-quarter 2013 contributions receipts noted in paragraph 8 above.

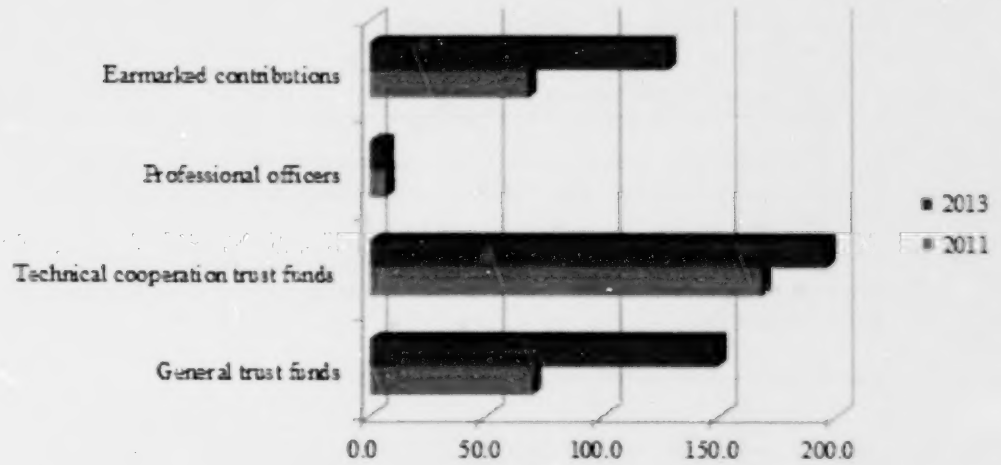
18. Total liabilities, including end-of-service and post-retirement benefits of $113.9 million, increased by $45.3 million (11.1 per cent) to $452.9 million. The following figure shows that the increases are in other liabilities, end-of-service liabilities and inter-fund payable. Other liabilities include $166.2 million relating to future years' commitments. The increase in end-of-service liabilities is a result of new actuarial valuation as at 31 December 2013. The increase in inter-fund balances payable is due to replenishment timing.

(Millions of United States dollars)



19. Total reserves and fund balances increased by $197.5 million (83.4 per cent) to $434.3 million (see table V.1). The increases are in earmarked contributions and trust funds, where, in accordance with the financial regulations and rules, implementation of activities can only commence once funds have been received. A significant amount of funds ($131.7 million) in these areas was received during the fourth quarter of the last year of the biennium, for which implementation will be carried out during future years.

(Millions of United States dollars)



20. Table IV.1 summarizes other key indicators for UNEP for the biennium ended 31 December 2013 compared with the biennium ended 31 December 2011.

Table IV.1
Other key indicators

	Amount (Millions of United States dollars)			
	2013	*2011*	*Increase/ (decrease)*	*Percentage change*
Environment Fund contributions	151.5	162.5	(11.0)	(6.8)
Other voluntary contributions	765.6	610.2	155.4	25.5
Total voluntary contributions	**917.1**	**772.7**	**144.4**	**18.7**
Cash, term deposits and cash pools	566.6	427.2	139.4	32.6
Voluntary contributions receivable	23.1	21.4	1.7	7.9
Inter-fund balances receivable	53.7	38.0	15.7	41.3
Accounts receivable	75.5	83.5	(8.0)	(9.6)
Other assets	168.3	74.4	93.9	126.2
Unliquidated obligations	87.8	131.7	(43.9)	(33.3)
Inter-fund balances payable	56.9	39.1	17.8	45.5
End-of-service and post-retirement benefits	113.9	102.1	11.8	11.6

	Amount (Millions of United States dollars)			
	2013	2011	Increase/ (decrease)	Percentage change
Other liabilities	166.2	68.0	98.2	144.4
Reserves and fund balances — Environment Fund	29.1	33.3	(4.2)	(12.6)
Reserves and fund balances — Trust funds	351.5	203.9	147.6	72.4
Reserves and fund balances — Earmarked contributions	127.8	67.8	60.0	88.5
Reserves and fund balances — Programme support costs	12.6	12.9	(0.3)	(2.3)
Reserves and fund balances — End-of-service and post-retirement benefits	(86.6)	(81.0)	(5.6)	6.9
Total reserves and fund balances	**434.4**	**236.9**	**197.5**	**83.4**

21. While the core contributions (Environment Fund) for UNEP decreased by $11.0 million (6.8 per cent), other voluntary contributions increased by $155.4 million (25.5 per cent).

22. Significant changes experienced in inter-fund balances, end-of-service and post-retirement benefits, other assets and other liabilities have been explained in paragraph 18 above.

End-of-service and post-retirement accrued liabilities

23. UNEP fully accrues for the end-of-service and post-retirement benefits, comprising after-service health insurance liabilities, annual leave and repatriation benefits. It is to be noted that UNEP makes monthly provisions for repatriation benefits at 8 per cent of net salary but does not fund after-service health insurance or annual leave, as these are paid on a "pay-as-you-go" basis.

24. The 31 December 2013 accrued balances have been adjusted to reflect the estimated liabilities as at 31 December 2013 as reflected in the 2013 actuarial study carried out by a consulting firm engaged by the Secretariat of the United Nations on behalf of UNEP. By fully charging these liabilities in the financial statements as at 31 December 2013, an amount of $86.6 million of cumulative unfunded expenditure is being shown under the line total reserves and fund balances in statements I and II. Details are disclosed in statement X and note 12 to the financial statements.

The Environment Fund

25. The Governing Council, in its decision 26/9 of 24 February 2011, approved appropriations for the Environment Fund for the biennium 2012-2013 of $191.0 million, of which a maximum of $122.3 million was allocated for posts. The funding resources are allocated as follows: $9.0 million for executive direction and management, $165.5 million for the UNEP programme of work, $6.4 million for Fund programme reserve and $10.1 million for programme support.

26. For the biennium, the Executive Director allocated $157.9 million (82.7 per cent) for implementation based on the funding that was available. UNEP spent $155.9 million of this allocation, leaving unspent allocations of $2.0 million. The details are shown on table IV.2 below.

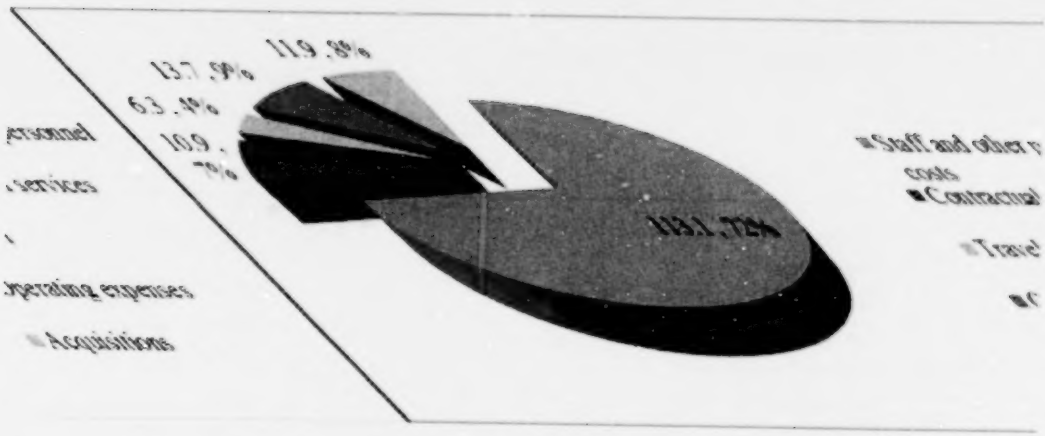
Table IV.2
Environment Fund appropriations

	1	*2*	*3*	*4*	*5*
	Appropriations for 2012-2013	*Allocations issued*	*Expenditure*	*Unexpended appropriations (1-3)*	*Unexpended allocations (2-3)*
Executive direction and management	9 042	8 257	8 065	977	192
Programme of work					
Climate change	30 788	24 786	25 303	5 485	(517)
Disasters and conflicts	10 454	5 920	6 155	4 299	(235)
Ecosystem management	36 226	28 130	27 787	8 439	343
Environmental governance	41 622	40 936	39 933	1 689	1 003
Harmful substances and hazardous waste	19 543	17 183	17 328	2 215	(145)
Resource efficiency — sustainable consumption and production	26 867	20 012	19 773	7 094	239
Total, programme of work	**165 500**	**136 967**	**136 279**	**29 221**	**688**
Fund programme reserve	6 365	5 031	3 951	2 414	1 080
Subtotal	**171 865**	**141 998**	**140 230**	**31 635**	**1 768**
Programme support					
Resource mobilization Section	907	614	558	349	56
Quality Assurance Section	2 884	2 824	2 803	81	21
Corporate Services Section	6 264	4 205	4 210	2 054	(5)
Subtotal, programme support	**10 055**	**7 642**	**7 571**	**2 484**	**72**
Total	**190 962**	**157 898**	**155 866**	**35 096**	**2 032**

27. Income decreased by $12.5 million (7.6 per cent) from $164.8 million as at 31 December 2011 to $152.2 million.

28. Expenditure decreased by $8.9 million (5.4 per cent) from $164.8 million as at 31 December 2011 to $155.9 million.

29. The following chart shows Environment Fund expenditure (in millions of dollars and percentages) for the biennium ended 31 December 2013 by category:



30. The cash position (cash and term deposits, cash pools) decreased by $5.4 million (15.1 per cent) to $30.0 million.

31. The fund balance, representing cumulative unspent contributions received in current and previous bienniums, decreased by $4.2 million (12.5 per cent) to $9.1 million.

32. The financial reserve remained at $20.0 million.

Chapter V
Financial statements for the biennium ended 31 December 2013

United Nations Environment Programme

I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

All funds summary

(Thousands of United States dollars)

	Environment Fund	*Trust funds*	*Earmarked contributions*	*Special Account for Programme Support Costs*	*End-of-service and post-retirement benefits*	*Regular budget*	*All funds eliminations*	*Total all funds*	
								2013	*2011*
Income									
Regular budget allocations	–	–	–	–	–	16 698	–	16 698	16 566
Voluntary contributions	151 544	593 470	172 106	–	–	–	–	917 120	772 735
Income from services rendered	–	–	–	37 613	–	–	(36 676)	937	767
Interest income	298	4 789	1 141	228	–	–	–	6 456	7 798
Royalties	–	6	–	–	–	–	–	6	–
Sale of publications	–	8	–	–	–	–	–	8	58
Miscellaneous income (note 3)	407	937	354	1 000	–	–	(540)	2 158	2 749
Total income	**152 249**	**599 210**	**173 601**	**38 841**	**–**	**16 698**	**(37 216)**	**943 383**	**800 673**
Expenditure									
Staff and other personnel costs	113 119	166 548	34 285	28 796	–	14 341	–	357 089	359 606
Contractual services	10 912	166 425	40 606	7 917	–	–	–	225 860	244 722
Travel	6 261	20 307	7 000	441	–	–	(540)	33 469	38 641
Operating expenses	13 678	71 178	21 336	2 459	–	2 357	–	111 008	133 284
Acquisitions	11 896	10 005	2 051	47	–	–	–	23 999	32 935
Programme support costs	–	28 614	8 062	–	–	–	(36 676)	–	–
Total expenditure	**155 866**	**463 077**	**113 340**	**39 660**	**–**	**16 698**	**(37 216)**	**751 425**	**809 188**
Excess/(shortfall) of income over expenditure	(3 617)	136 133	60 261	(819)	–	–	–	191 958	(8 515)
Non-budgeted accrued expenses	–	–	–	–	(9 401)	–	–	(9 401)	(38 375)
Prior-period adjustments (note 4)	(839)	12 705	554	51	–	–	–	12 471	(3 319)
Net excess/(shortfall) of income over expenditure	**(4 456)**	**148 838**	**60 815**	**(768)**	**(9 401)**	**–**	**–**	**195 028**	**(50 209)**

United Nations Environment Programme

I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

All funds summary

(Thousands of United States dollars)

	Environment Fund	*Trust funds*	*Earmarked contributions*	*Special Account for Programme Support Costs*	*End-of-service and post-retirement benefits*	*Regular budget*	*All funds eliminations*	*Total all funds*	
								2013	*2011*
Savings on or cancellation of prior-period obligations	281	707	(3)	457	–	–	–	1 442	1 524
Transfer from/(to) reserves	–	144	–	–	–	–	–	144	(168)
Transfer from/(to) other funds	–	34	(34)	–	–	–	–	–	–
Refunds to donors (note 5)	–	(1 989)	(822)	–	–	–	–	(2 811)	(3 205)
Fund balances, beginning of biennium	13 299	197 099	67 800	8 389	(85 305)	–	–	201 282	253 340
Fund balances, end of biennium	**9 124**	**344 833**	**127 756**	**8 078**	**(94 706)**	–	–	**395 085**	**201 282**
Reserves, beginning of biennium	20 000	6 809	–	4 500	4 269	–	–	35 578	34 844
Transfers to reserves	–	(144)	–	–	3 813	–	–	3 669	734
Reserves, end of biennium	**20 000**	**6 665**	–	**4 500**	**8 082**	–	–	**39 247**	**35 578**
Total reserves and fund balances	**29 124**	**351 498**	**127 756**	**12 578**	**(86 624)**	–	–	**434 332**	**236 860**

United Nations Environment Programme

II. Statement of assets, liabilities, reserves and fund balances as at 31 December 2013

All funds summary

(Thousands of United States dollars)

	Environment Fund	*Trust funds*	*Earmarked contributions*	*Special Account for Programme Support Costs*	*End-of-service and post-retirement benefits*	*Regular budget*	*Total all funds*	
							2013	*2011*
Assets								
Cash and term deposits (note 6)	3 076	56 480	–	–	–	–	59 556	12 390
Cash pools (note 6)	26 931	340 436	128 248	11 443	–	–	507 058	414 838
Voluntary contributions receivable	2 357	20 771	–	–	–	–	23 128	21 401
Inter-fund balances receivable (note 7)	–	18 137	7 813	500	27 264	–	53 714	37 969
Accounts receivable (note 8)	3 105	60 636	10 107	1 343	–	340	75 531	83 498
Other assets (note 9)	4 526	153 829	9 792	111	–	–	168 258	74 388
Total assets	**39 995**	**650 289**	**155 960**	**13 397**	**27 264**	**340**	**887 245**	**644 484**
Liabilities								
Payments or contributions received in advance	1 348	8 190	–	–	–	–	9 538	43 352
Unliquidated obligations	4 462	70 921	11 462	586	–	340	87 771	131 742
Inter-fund balances payable (note 7)	228	56 611	33	–	–	–	56 872	39 117
Accounts payable (note 10)	4 454	7 277	6 678	218	–	–	18 627	23 301
End-of-service and post-retirement benefits (note 12)	–	–	–	–	113 888	–	113 888	102 111
Other liabilities (note 9)	379	155 792	10 031	15	–	–	166 217	68 001
Total liabilities	**10 871**	**298 791**	**28 204**	**819**	**113 888**	**340**	**452 913**	**407 624**
Reserves and fund balances								
Financial and other reserves (note 11)	20 000	6 665	–	4 500	8 082	–	39 247	35 578
Fund balance	9 124	344 833	127 756	8 078	(94 706)	–	395 085	201 282
Total reserves and fund balances	**29 124**	**351 498**	**127 756**	**12 578**	**(86 624)**	**–**	**434 332**	**236 860**
Total liabilities, reserves and fund balances	**39 995**	**650 289**	**155 960**	**13 397**	**27 264**	**340**	**887 245**	**644 484**

United Nations Environment Programme

III. Statement of cash flows for the biennium ended 31 December 2013

All funds summary

(Thousands of United States dollars)

	Environment Fund	*Trust funds*	*Earmarked contributions*	*Special Account for Programme Support Costs*	*End-of-service and post-retirement benefits*	*Regular budget*	*Total all funds*	
							2013	*2011*
Cash flows from operating activities								
Net excess/(shortfall) of income over expenditure	(4 456)	148 838	60 815	(768)	(9 401)	–	195 028	(50 209)
(Increase)/decrease in:								
Contributions receivable	(1 449)	(278)	–	–	–	–	(1 727)	(415)
Accounts receivable	895	(1 168)	9 462	(1 281)	–	59	7 967	(16 611)
Other assets	1 225	(85 402)	(9 648)	(45)	–	–	(93 870)	(70 240)
Inter-fund balances receivable	4 031	(10 180)	(3 326)	(81)	(6 189)	–	(15 745)	(2 689)
Increase/(decrease) in:								
Payments received in advance	1 288	(35 102)	–	–	–	–	(33 814)	37 312
Unliquidated obligations	(9 056)	(27 138)	(6 074)	(1 644)	–	(59)	(43 971)	40 308
Accounts payable	1 325	(3 218)	(2 034)	(747)	–	–	(4 674)	(137)
Other liabilities	338	87 960	9 903	15	–	–	98 216	67 928
Inter-fund balances payable	228	17 494	33	–	–	–	17 755	2 535
End-of-service and post-retirement benefits	–	–	–	–	11 777	–	11 777	43 967
Less: interest income	(298)	(4 789)	(1 141)	(228)	–	–	(6 456)	(7 798)
Net cash from operating activities	**(5 929)**	**87 017**	**57 990**	**(4 779)**	**(3 813)**	**–**	**130 486**	**43 951**
Cash flows from investing activities								
(Increase)/decrease in:								
Cash pools	4 441	(42 483)	(58 272)	4 094	–	–	(92 220)	(46 278)
Plus: interest income	298	4 789	1 141	228	–	–	6 456	7 798
Net cash flow from investing activities	**4 739**	**(37 694)**	**(57 131)**	**4 322**	**–**	**–**	**(85 764)**	**(38 480)**

United Nations Environment Programme

III. Statement of cash flows for the biennium ended 31 December 2013 (continued)

All funds summary

(Thousands of United States dollars)

	Environment Fund	*Trust funds*	*Earmarked contributions*	*Special Account for Programme Support Costs*	*End-of-service and post-retirement benefits*	*Regular budget*	*Total all funds*	
							2013	*2011*
Cash flows from financing activities								
Savings on or cancellation of prior-period obligations	281	707	(3)	457	–	–	1 442	1 524
Transfer from/(to) other funds	–	34	(34)	–	–	–	–	–
Refunds to donors	–	(1 989)	(822)	–	–	–	(2 811)	(3 205)
Transfers from/(to) reserves	–	–	–	–	3 813	–	3 813	566
Net cash flow from financing activities	**281**	**(1 248)**	**(859)**	**457**	**3 813**	**–**	**2 444**	**(1 115)**
Net increase/(decrease) in cash and term deposits	**(909)**	**48 075**	**–**	**–**	**–**	**–**	**47 166**	**4 356**
Cash and term deposits, beginning of biennium	3 985	8 405	–	–	–	–	12 390	8 034
Cash and term deposits, end of biennium	**3 076**	**56 480**	**–**	**–**	**–**	**–**	**59 556**	**12 390**

United Nations Environment Programme

IV. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

Environment Fund

(Thousands of United States dollars)

	Reference	*2013*	*2011*
Income			
Voluntary contributions	Schedule 4.1	151 544	162 504
Interest income		298	2 079
Miscellaneous income	Note 3	407	179
Total income		**152 249**	**164 762**
Expenditure			
Staff and other personnel costs		113 119	119 186
Contractual services		10 912	13 918
Travel		6 261	8 063
Operating expenses		13 678	13 233
Acquisitions		11 896	10 411
Total expenditure		**155 866**	**164 811**
Excess/(shortfall) of income over expenditure		(3 617)	(49)
Prior-period adjustments	Note 4	(839)	(155)
Net excess of income over expenditure		(4 456)	(204)
Savings on or cancellation of prior-period obligations		281	585
Fund balances, beginning of biennium		13 299	12 918
Fund balances, end of biennium		9 124	13 299
Financial reserve, beginning of biennium		20 000	20 000
Financial reserve, end of biennium		20 000	20 000
Total reserves and fund balances		**29 124**	**33 299**
Assets			
Cash and term deposits	Note 6	3 076	3 985
Cash pools	Note 6	26 931	31 372
Voluntary contributions receivable	Schedule 4.1	2 357	908
Inter-fund balances receivable	Note 7	–	4 031
Accounts receivable	Note 8	3 105	4 000
Other assets	Note 9	4 526	5 751
Total assets		**39 995**	**50 047**

United Nations Environment Programme

IV. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

Environment Fund

(Thousands of United States dollars)

	Reference	*2013*	*2011*
Liabilities			
Payments or contributions received in advance	Schedule 4.1	1 348	60
Unliquidated obligations		4 462	13 518
Inter-fund balances payable		228	–
Accounts payable	Note 10	4 454	3 129
Other liabilities	Note 9	379	41
Total liabilities		**10 871**	**16 748**
Reserves and fund balances			
Financial reserve		20 000	20 000
Fund balance		9 124	13 299
Total reserves and fund balances		**29 124**	**33 299**
Total liabilities, reserves and fund balances		**39 995**	**50 047**

United Nations Environment Programme

Schedule 4.1
Status of contributions for the biennium ended 31 December 2013

Environment Fund
(United States dollars)

Countries/organizations	*Unpaid pledges as at 1 January 2012*	*Adjustments to prior periods*	*Pledges for 2012-2013*	*Net pledges*	*Collections for future periods*	*Collections for 2012-2013 and prior periods*	*Unpaid pledges*
Afghanistan	2 450	–	2 225	2 225	–	4 675	–
Algeria	–	–	10 000	10 000	–	10 000	–
Andorra	–	–	78 765	78 765	–	78 765	–
Angola	–	–	3 600	3 600	18	3 600	–
Argentina	–	–	120 000	120 000	–	120 000	–
Armenia	–	–	5 000	5 000	–	5 000	–
Australia	–	–	2 325 652	2 325 652	–	2 325 652	–
Austria	–	–	1 060 320	1 060 320	–	1 060 320	–
Bahamas	–	–	3 500	3 500	–	3 500	–
Bangladesh	574	–	1 306	1 306	–	1 880	–
Barbados	–	–	5 000	5 000	–	5 000	–
Belarus	–	–	32 000	32 000	–	32 000	–
Belgium	–	–	5 929 105	5 929 105	–	5 929 105	–
Belize	–	–	1 900	1 900	–	1 900	–
Benin	–	1 800	–	–	–	1 800	–
Bhutan	–	–	1 450	1 450	–	1 450	–
Bosnia and Herzegovina	–	–	12 000	12 000	–	12 000	–
Botswana	–	–	7 000	7 000	–	7 000	–
Brazil	280 000	–	–	–	–	–	280 000
Bulgaria	–	–	34 000	34 000	–	34 000	–
Burkina Faso	–	–	5 646	5 646	–	5 646	–
Cape Verde	–	–	–	–	1 685	–	–
Cambodia	–	–	4 000	4 000	–	4 000	–
Cameroon	–	–	9 948	9 948	4 311	9 948	–
Canada	–	–	5 968 780	5 968 780	–	5 968 780	–
Chile	–	–	20 000	20 000	–	20 000	–
China	–	–	1 000 000	1 000 000	2 050	1 000 000	–
Colombia	–	–	72 971	72 971	–	72 971	–
Congo	–	–	2 000	2 000	5 020	2 000	–
Costa Rica	–	–	10 993	10 993	7 164	10 993	–
Croatia	–	–	66 000	66 000	–	66 000	–
Cyprus	–	–	88 000	88 000	–	88 000	–
Czech Republic	–	–	109 222	109 222	–	109 222	–
Danske Bank A/S	–	–	–	–	28 005	–	–
Denmark	–	–	8 974 039	8 974 039	142 884	8 974 039	–
Djibouti	900	–	–	–	–	–	900
Ecuador	–	–	12 100	12 100	4 500	12 100	–
Egypt	–	–	50 000	50 000	–	50 000	–
El Salvador	9 600	–	–	–	–	–	9 600

Schedule 4.1
Status of contributions for the biennium ended 31 December 2013 (continued)

Countries/organizations	*Unpaid pledges as at 1 January 2012*	*Adjustments to prior periods*	*Pledges for 2012-2013*	*Net pledges*	*Collections for future periods*	*Collections for 2012-2013 and prior periods*	*Unpaid pledges*
Eritrea	1 800	–	–	–	–	1 800	–
Estonia	–	–	26 302	26 302	19 111	26 302	–
Ethiopia	–	1 600	1 600	1 600	–	3 200	–
Fiji	–	–	4 481	4 481	–	4 481	–
Financial Institution Initiative	–	–	578	578	–	578	–
Finland	–	(21 122)	8 759 420	8 759 420	–	8 738 298	–
France	–	(194 450)	11 700 000	11 700 000	–	11 505 550	–
Gambia	–	–	1 000	1 000	–	1 000	–
Georgia	–	–	6 000	6 000	–	6 000	–
Germany	–	–	19 586 290	19 586 290	–	19 586 290	–
Ghana	–	4 980	–	–	–	4 980	–
Greece	–	–	250 000	250 000	50 000	250 000	–
Guatemala	–	–	5 823	5 823	–	5 823	–
Guyana	–	–	2 000	2 000	–	2 000	–
Honduras	–	–	1 140	1 140	–	1 140	–
Hungary	–	–	19 975	19 975	9 981	19 975	–
Iceland	–	–	38 000	38 000	–	38 000	–
India	48 422	–	200 000	200 000	–	50 000	198 422
Indonesia	–	–	59 000	59 000	–	59 000	–
Iran, Islamic Republic of	263	–	60 908	60 908	–	61 171	–
Iraq	–	–	10 300	10 300	–	10 300	–
Ireland	–	–	940 000	940 000	–	940 000	–
Israel	–	20 000	160 000	160 000	–	180 000	–
Jamaica	3 080	4 884	–	–	–	4 884	3 080
Japan	–	–	5 558 388	5 558 388	–	4 048 289	1 510 099
Jordan	–	–	5 000	5 000	–	5 000	–
JP Morgan Chase	–	–	6 466	6 466	–	6 466	–
Kazakhstan	–	–	54 925	54 925	–	54 925	–
Kenya	–	–	60 000	60 000	–	60 000	–
Kiribati	–	–	–	–	2 450	–	–
Kuwait	200 000	–	400 000	400 000	–	400 000	200 000
Kyrgyzstan	–	–	1 900	1 900	–	1 900	–
Lao People's Democratic Republic	–	–	2 000	2 000	–	2 000	–
Lebanon	6 000	–	7 000	7 000	1 000	13 000	–
Lesotho	–	9 975	9 975	9 975	–	9 975	9 975
Liechtenstein	–	–	18 000	18 000	–	18 000	–
Lithuania	–	–	46 000	46 000	–	46 000	–
Luxembourg	–	–	1 298 883	1 298 883	–	1 298 883	–
Madagascar	–	–	999	999	–	999	–

Schedule 4.1
Status of contributions for the biennium ended 31 December 2013 (continued)

Countries/organizations	*Unpaid pledges as at 1 January 2012*	*Adjustments to prior periods*	*Pledges for 2012-2013*	*Net pledges*	*Collections for future periods*	*Collections for 2012-2013 and prior periods*	*Unpaid pledges*
Malawi	1 800	–	–	–	–	–	1 800
Malaysia	–	–	80 000	80 000	–	80 000	–
Maldives	–	–	4 000	4 000	–	4 000	–
Mali	1 500	–	–	–	–	–	1 500
Mauritania	9 183	–	–	–	–	–	9 183
Mauritius	–	–	10 000	10 000	–	10 000	–
Mexico	–	–	700 000	700 000	–	700 000	–
Micronesia	–	–	760	760	–	760	–
Miscellaneous contribution to UNEP	–	–	14 584	14 584	123 876	14 584	–
Monaco	–	–	52 589	52 589	–	52 589	–
Mongolia	–	–	1 000	1 000	–	1 000	–
Montenegro	2 000	–	–	–	–	–	2 000
Morocco	–	–	31 621	31 621	–	15 700	15 921
Myanmar	1 292	–	–	87[a]	–	–	1 379
Namibia	–	–	1 750	1 750	–	1 750	–
Netherlands	–	–	20 265 600	20 265 600	–	20 265 600	–
New Zealand	230 000	–	260 000	260 000	–	490 000	–
Nicaragua	–	–	2 706	2 706	–	2 706	–
Niger	900	–	–	–	–	–	900
Nigeria	40 000	–	–	–	30 000	–	40 000
Norway	–	–	6 000 000	6 000 000	–	6 000 000	–
Oman	–	–	28 000	28 000	–	28 000	–
Pakistan	–	–	21 913	21 913	–	21 913	–
Panama	–	–	20 000	20 000	–	20 000	–
Papua New Guinea	–	–	1 000	1 000	–	1 000	–
Peru	–	2 520	29 000	29 000	38 438	31 520	–
Philippines	–	–	38 000	38 000	–	38 000	–
Poland	–	–	300 000	300 000	–	300 000	–
Portugal	–	–	100 000	100 000	–	50 000	50 000
Republic of Korea	–	–	698 650	698 650	–	698 650	–
Republic of Moldova	–	(700)	1 900	1 900	–	1 200	–
Romania	60 000	–	95 000	95 000	–	155 000	–
Russian Federation	–	–	2 400 000	2 400 000	–	2 400 000	–
Rwanda	–	–	950	950	–	950	–
Saint Kitts and Nevis	–	950	950	950	–	1 900	–
Saint Lucia	–	–	931	931	–	931	–
Saudi Arabia	106	–	133 005	133 005	–	133 111	–
Serbia	–	–	34 000	34 000	–	34 000	–
Seychelles	–	–	1 200	1 200	–	1 200	–

Schedule 4.1
Status of contributions for the biennium ended 31 December 2013 (continued)

Countries/organizations	*Unpaid pledges as at 1 January 2012*	*Adjustments to prior periods*	*Pledges for 2012-2013*	*Net pledges*	*Collections for future periods*	*Collections for 2012-2013 and prior periods*	*Unpaid pledges*
Sierra Leone	620	380	2 000	2 000	2 450	3 000	–
Simon Fraser University	3 001	–	–	–	–	3 001	–
Singapore	–	–	100 000	100 000	–	100 000	–
Slovakia	–	–	110 000	110 000	–	110 000	–
Slovenia	–	–	98 000	98 000	–	98 000	–
South Africa	–	–	126 000	126 000	–	126 000	–
Spain	–	–	608 875	608 875	152 650	608 875	–
Sri Lanka	–	–	10 200	10 200	–	5 100	5 100
Suriname	18	–	1 000	1 000	–	18	1 000
Swaziland	–	10 000	–	–	–	10 000	–
Sweden	–	–	9 675 243	9 675 243	705 121	9 675 243	–
Switzerland	–	–	9 019 569	9 019 569	–	9 019 569	–
Thailand	–	–	49 488	49 488	–	49 488	–
Trinidad and Tobago	–	–	26 000	26 000	–	13 000	13 000
Turkey	–	–	850 000	850 000	–	850 000	–
Turkmenistan	3 300	–	–	–	–	–	3 300
UNDP Resident Representative, Timor-Leste	900	2 420	1 900	1 900	–	5 220	–
UNFCU Nairobi corporate credit card	–	–	2 000	2 000	–	2 000	–
United Arab Emirates	–	–	80 000	80 000	–	80 000	–
United Kingdom	–	–	11 278 800	11 278 800	–	11 278 800	–
United States of America	–	–	12 834 000	12 834 000	17 500	12 834 000	–
Uruguay	–	10 000	–	–	–	10 000	–
Viet Nam	–	29 000	7 500	7 500	–	36 500	–
Western Samoa	–	–	793	793	–	793	–
Zambia	–	–	3 666	3 666	–	3 666	–
Zimbabwe	–	–	1 000	1 000	–	1 000	–
Total	**907 709**	**(117 763)**	**151 544 021**	**151 544 108**	**1 348 214**	**149 976 895**	**2 357 159**

[a] This amount represents revaluation charges, as the original receivable was set up in euros.

Statement IV

Ageing of unpaid pledges as at 31 December 2013				
0-6 months	*7-12 months*	*13-24 months*	*More than 24 months*	*Total*
1 894 120	51 000	12 375	399 664	2 357 159

United Nations Environment Programme

V. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

Trust funds summary

(Thousands of United States dollars)

	General trust funds	*Technical cooperation trust funds*	*Professional Officers trust funds*	*Other*	*Total all funds*	
					2013	*2011*
Income						
Voluntary contributions	268 604	317 582	6 249	1 035	593 470	479 703
Interest income	2 361	2 328	91	9	4 789	4 954
Royalties	–	–	–	6	6	–
Sale of publications	–	–	–	8	8	58
Miscellaneous income (note 3)	303	626	3	5	937	1 482
Total income	**271 268**	**320 536**	**6 343**	**1 063**	**599 210**	**486 197**
Expenditure						
Staff and other personnel costs	92 508	68 441	5 660	(61)	166 548	168 853
Contractual services	42 725	123 578	–	122	166 425	182 482
Travel	7 226	12 761	143	177	20 307	23 539
Operating expenses	28 999	41 916	10	253	71 178	91 642
Acquisitions	5 760	3 782	–	463	10 005	20 503
Programme support costs	19 858	8 026	706	24	28 614	30 421
Total expenditure	**197 076**	**258 504**	**6 519**	**978**	**463 077**	**517 440**
Excess/(shortfall) of income over expenditure	74 192	62 032	(176)	85	136 133	(31 243)
Prior-period adjustments (note 4)	13 609	(899)	(5)	–	12 705	(1 686)
Net excess/(shortfall) of income over expenditure	**87 801**	**61 133**	**(181)**	**85**	**148 838**	**(32 929)**
Savings on or cancellation of prior-period obligations	476	231	–	–	707	8
Transfer from/(to) reserves	144	–	–	–	144	(168)
Transfer from/(to) other funds	70	(35)	–	(1)	34	1 008
Refunds to donors (note 5)	(903)	(843)	(243)	–	(1 989)	(2 395)
Fund balances, beginning of biennium	54 787	135 494	6 945	(127)	197 099	231 575
Fund balances, end of biennium	**142 375**	**195 980**	**6 521**	**(43)**	**344 833**	**197 099**
Reserves, beginning of biennium	6 809	–	–	–	6 809	6 641
Transfers to reserves	(144)	–	–	–	(144)	168
Reserves, end of biennium	**6 665**	–	–	–	**6 665**	**6 809**
Total reserves and fund balances	**149 040**	**195 980**	**6 521**	**(43)**	**351 498**	**203 908**

United Nations Environment Programme

VI. Statement of assets, liabilities, reserves and fund balances as at 31 December 2013

Trust funds summary

(Thousands of United States dollars)

	General trust funds	*Technical cooperation trust funds*	*Professional Officers trust funds*	*Other*	*Total all funds*	
					2013	*2011*
Assets						
Cash and term deposits (note 6)	56 468	12	–	–	56 480	8 405
Cash pools (note 6)	140 677	193 089	6 254	416	340 436	297 953
Voluntary contributions receivable	16 672	4 099	–	–	20 771	20 493
Inter-fund balances receivable (note 7)	5 244	12 565	314	14	18 137	7 957
Accounts receivable (note 8)	8 329	52 295	12	–	60 636	59 468
Other assets (note 9)	4 606	149 209	14	–	153 829	68 427
Total assets	**231 996**	**411 269**	**6 594**	**430**	**650 289**	**462 703**
Liabilities						
Payments or contributions received in advance	8 190	–	–	–	8 190	43 292
Unliquidated obligations	9 620	61 283	18	–	70 921	98 059
Inter-fund balances payable (note 7)	56 100	136	–	375	56 611	39 117
Accounts payable (note 10)	2 448	4 677	54	98	7 277	10 495
Other liabilities (note 9)	6 598	149 193	1	–	155 792	67 832
Total liabilities	**82 956**	**215 289**	**73**	**473**	**298 791**	**258 795**
Reserves and fund balances						
Operating reserve	6 665	–	–	–	6 665	6 809
Fund balance	142 375	195 980	6 521	(43)	344 833	197 099
Total reserves and fund balances	**149 040**	**195 980**	**6 521**	**(43)**	**351 498**	**203 908**
Total liabilities, reserves and fund balances	**231 996**	**411 269**	**6 594**	**430**	**650 289**	**462 703**

United Nations Environment Programme

VII. Statement of cash flows for the biennium ended 31 December 2013

Trust funds summary

(Thousands of United States dollars)

	General trust funds	*Technical cooperation trust funds*	*Professional Officers trust funds*	*Other*	*Total all funds*	
					2013	*2011*
Cash flows from operating activities						
Net excess/(shortfall) of income over expenditure	87 801	61 133	(181)	85	148 838	(32 929)
(Increase)/decrease in:						
Contributions receivable	3 203	(3 481)	–	–	(278)	(5 179)
Accounts receivable	(2 793)	1 578	43	4	(1 168)	(12 799)
Other assets	(3 892)	(81 530)	8	12	(85 402)	(68 000)
Inter-fund balances receivable	(3 105)	(6 949)	(124)	(2)	(10 180)	(1 969)
Increase/(decrease) in:						
Payments or contributions received in advance	2 500	(37 602)	–	–	(35 102)	37 404
Unliquidated obligations	(10 398)	(16 709)	(27)	(4)	(27 138)	48 657
Accounts payable	(275)	(3 051)	10	98	(3 218)	(817)
Other liabilities	6 165	81 806	1	(12)	87 960	67 832
Inter-fund balances payable	17 651	56	–	(213)	17 494	5 499
Less: interest income	(2 361)	(2 328)	(91)	(9)	(4 789)	(4 954)
Net cash from operating activities	**94 496**	**(7 077)**	**(361)**	**(41)**	**87 017**	**32 745**
Cash flows from investing activities						
(Increase)/decrease in cash pools	(48 352)	5 363	513	(7)	(42 483)	(33 039)
Plus: interest income	2 361	2 328	91	9	4 789	4 954
Net cash from investing activities	**(45 991)**	**7 691**	**604**	**2**	**(37 694)**	**(28 085)**
Cash flows from financing activities						
Savings on or cancellation of prior-period obligations	476	231	–	–	707	8
Transfer from/(to) other funds	70	(35)	–	(1)	34	1 008
Refunds to donors	(903)	(843)	(243)	–	(1 989)	(2 395)
Net cash from financing activities	**(357)**	**(647)**	**(243)**	**(1)**	**(1 248)**	**(1 379)**
Net increase/(decrease) in cash and term deposits	48 148	(33)	–	(40)	48 075	3 281
Cash and term deposits, beginning of biennium	8 320	45	–	40	8 405	5 124
Cash and term deposits, end of biennium	**56 468**	**12**	**–**	**–**	**56 480**	**8 405**

United Nations Environment Programme

VIII. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

Special Account for Programme Support Costs

(Thousands of United States dollars)

	Reference	*2013*	*2011*
Income			
Income for services rendered:			
Direct support to UNEP		18 677	16 445
Conventions/protocols/regional seas programmes		17 954	20 434
Supporting the Global Environment Facility		45	–
Multilateral Fund	Statement XI	937	767
Interest income		228	417
Miscellaneous income	Note 3	1 000	1 005
Total income		**38 841**	**39 068**
Expenditure			
Staff and other personnel costs		28 706	25 982
Contractual services		7 917	7 945
Travel		441	608
Operating expenses		2 459	2 882
Acquisitions		47	30
Total expenditure		**39 660**	**37 447**
Excess of income over expenditure		(819)	1 621
Prior-period adjustments	Note 4	51	(431)
Net excess of income over expenditure		**(768)**	**1 190**
Savings on or cancellation of prior-period obligations		457	931
Transfer from (to) other funds		–	(1 063)
Fund balances, beginning of biennium		8 389	7 331
Fund balances, end of biennium		**8 078**	**8 389**
Operating reserve, beginning of biennium		4 500	4 500
Operating reserve, end of biennium		**4 500**	**4 500**
Reserves and fund balances, end of biennium		**12 578**	**12 889**

United Nations Environment Programme

VIII. Statement of assets, liabilities, reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Reference	*2013*	*2011*
Assets			
Cash pools	Note 6	11 443	15 537
Inter-fund receivable	Note 7	500	419
Accounts receivable	Note 8	1 343	62
Other assets	Note 9	111	66
Total assets		**13 397**	**16 084**
Liabilities			
Unliquidated obligations		586	2 230
Accounts payable	Note 10	218	965
Other liabilities	Note 9	15	–
Total liabilities		**819**	**3 195**
Reserves and fund balances			
Operating reserve		4 500	4 500
Fund balance		8 078	8 389
Total reserves and fund balances		**12 578**	**12 889**
Total liabilities, reserves and fund balances		**13 397**	**16 084**

United Nations Environment Programme

IX. Statement of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

Trust funds

(Thousands of United States dollars)

	Opening fund balance 1 January 2012	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
Summary by type of support					
Direct support to UNEP programme of work					
General trust funds	6 973	78 216	(46 749)	12 710	51 150
Technical trust funds, personnel	6 945	6 343	(6 519)	(248)	6 521
Technical trust funds, general	70 191	156 332	(98 971)	(954)	126 598
Earmarked contributions	53 161	149 865	(85 810)	147	117 363
Other funds	421	282	(362)	(1)	340
Total direct support to UNEP programme of work	**137 691**	**391 038**	**(238 411)**	**11 654**	**301 972**
Conventions/protocols/regional seas programmes					
General trust funds	47 814	193 052	(150 327)	686	91 225
Technical trust funds, general	23 517	36 269	(26 523)	24	33 287
Earmarked contributions	13 282	20 478	(26 260)	(430)	7 070
Other funds	(548)	781	(616)	–	(383)
Total conventions/protocols/regional seas programmes	**84 065**	**250 580**	**(203 726)**	**280**	**131 199**
Supporting the Global Environment Facility					
Special accounts and trust funds	41 786	127 935	(133 010)	(616)	36 095
Earmarked contributions	1 357	3 258	(1 270)	(22)	3 323
Total supporting the Global Environment Facility	**43 143**	**131 193**	**(134 280)**	**(638)**	**39 418**
Grand total trust funds	**264 899**	**772 811**	**(576 417)**	**11 296**	**472 589**
Summary by type of trust fund					
General trust funds					
Direct support to UNEP programme of work	6 973	78 216	(46 749)	12 710	51 150
Conventions/protocols/regional seas programmes	47 814	193 052	(150 327)	686	91 225
Total general trust funds	**54 787**	**271 268**	**(197 076)**	**13 396**	**142 375**

United Nations Environment Programme

IX. Statement of income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013 (continued)

	Opening fund balance 1 January 2012	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
Technical cooperation trust funds					
Direct support to UNEP programme of work	70 191	156 332	(98 971)	(954)	126 598
Conventions/protocols/regional seas programmes	23 517	36 269	(26 523)	24	33 287
Supporting the Global Environment Facility	41 786	127 935	(133 010)	(616)	36 095
Total technical cooperation trust funds	**135 494**	**320 536**	**(258 504)**	**(1 546)**	**195 980**
Professional Officers trust funds					
Direct support to UNEP programme of work	6 945	6 343	(6 519)	(248)	6 521
Total Professional Officers trust funds	**6 945**	**6 343**	**(6 519)**	**(248)**	**6 521**
Earmarked contributions					
Direct support to UNEP programme of work	53 161	149 865	(85 810)	147	117 363
Conventions/protocols/regional seas programmes	13 282	20 478	(26 260)	(430)	7 070
Supporting the Global Environment Facility (GEF)	1 357	3 258	(1 270)	(22)	3 323
Total earmarked contributions	**67 800**	**173 601**	**(113 340)**	**(305)**	**127 756**
Other funds					
Direct support to UNEP programme of work	421	282	(362)	(1)	340
Conventions/protocols/regional seas programmes	(548)	781	(616)	–	(383)
Total other funds	**(127)**	**1 063**	**(978)**	**(1)**	**(43)**
Grand total trust funds	**264 899**	**772 811**	**(576 417)**	**11 296**	**472 589**

United Nations Environment Fund

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013

Trust funds
(Thousands of United States dollars)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
General trust funds directly supporting UNEP						
AEL	General Trust Fund for the Purpose of Post-Conflict Environmental Assessment	3 090	27 284	(19 446)	6	10 934
AML	General Trust Fund for the African Ministerial Conference on the Environment	2 809	475	(519)	–	2 765
BKL	General Trust Fund for the Clean-up of Hotspots Following the Kosovo Conflicts and Preparation of Guidelines on Assessment and Remedial Measures for Post-conflict Environmental Damages	–	82	(97)	6	(9)
BLL	General Trust Fund in Support of the UNEP/ UN-Habitat Balkans Task Force on Environment and Human Settlements	25	–	–	(25)	–
CWL	General Trust Fund for the African Ministers' Council on Water	334	4	60	(185)	213
DUL	General Trust Fund to Support the Activities of the Dams and Development Unit to Coordinate Follow-up to the World Commission on Dams	102	1	(33)	–	70
EBL	General Trust Fund for Implementing National Biodiversity Strategies and Action Plans	253	4	–	–	257
EEL	General Trust Fund for Environmental Emergencies	115	201	(303)	–	13
ETL	Trust Fund for the Environmental Training Network in Latin America and the Caribbean	203	31	(115)	1	120
FIL	General Trust Fund to Support the Activities of the UNEP Financial Services Initiative on the Environment	869	4 633	(4 409)	–	1 093
GPL	General Trust Fund in Support of the Implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities, and Related Information Exchange and Technical Assistance	1 828	260	(46)	(22)	2 020
MCL	General Trust Fund in Support of the Preparation of a Global Assessment of Mercury and its Compounds	3 036	11 374	(8 173)	(66)	6 171
POL	General Trust Fund in Support of the Preparation for and Negotiation of an Internationally Legally Binding Instrument for International Action on Persistent Organic Pollutants, and Related Information Exchange	726	7	(334)	–	399

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
PPL	General Trust Fund in Support of the Preparation and Negotiation of an International Legally Binding Instrument for the Application of the Prior Informed Consent Procedure for Certain Hazardous Chemicals in International Trade	788	9	–	(797)	–
RPL	General Trust Fund to Support Participation of Developing Countries in Reporting the State of the Marine Environment	14	–	7	–	21
SAL	Trust Fund for the Financing of the New International Environment Prize (Sasakawa Environment Prize)	259	1	(259)	–	1
SLP	Trust Fund to Support the Activities of the Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollutants	–	29 640	(4 428)	–	25 212
SML	General Trust Fund for the Strategic Approach to International Chemicals Management Quick-Start Programme	6 044	3 219	(7 521)	1	1 743
WPL	General Trust Fund to Provide Support to the Global Environment Monitoring Sys/Water Programming Office and to Promote Its Activities	270	991	(1 133)	(1)	127
ZZL	Unrealized loss on euro cash holdings	(13 792)	–	–	13 792	–
	Total directly supporting UNEP	**6 973**	**78 216**	**(46 749)**	**12 710**	**51 150**
	General trust funds supporting conventions/protocols/ regional seas programmes					
AVL	General Trust Fund for Voluntary Contributions in Respect of the Agreement on the Conservation of African-Eurasian Migratory Water Birds	419	868	(872)	471	886
AWL	General Trust Fund for the African-Eurasian Waterbirds Agreement	1 040	2 415	(2 345)	(151)	959
BAL	General Trust Fund for the Conservation of Small Cetaceans in the Baltic, North East Atlantic, Irish and North Seas	77	501	(492)	–	86
BCL	Trust Fund for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal	2 364	9 037	(8 880)	(21)	2 500
BDL	Trust Fund to Assist Developing Countries and Other Countries in Need of Technical Assistance in the Implementation of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal	4 803	4 834	(4 567)	(1)	5 069
BEL	General Trust Fund for Additional Voluntary Contributions in Support of Approved Activities under the Convention on Biological Diversity	10 349	58 258	(26 238)	(635)	41 734

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
BGL	General Trust Fund for the Core Programme Budget for the Biosafety Protocol	1 247	5 278	(5 222)	–	1 303
BHL	Special Voluntary Trust Fund for the Additional Voluntary Contributions in Support of Approved Activities	568	1 096	(884)	(190)	590
BIL	Special Voluntary Trust Fund to Facilitate the Participation of Parties, in particular the Least Developed and Small Island Developing States among them, and Parties with Economies in Transition (Biosafety Protocol)	186	105	(147)	–	144
BTL	General Trust Fund for the Conservation of European Bats	253	941	(880)	1	315
BYL	General Trust Fund for the Convention on Biological Diversity	1 562	26 417	(24 047)	(301)	3 631
BZL	General Trust Fund for Voluntary Contributions to Facilitate the Participation of Parties in the Process of the Convention on Biological Diversity	1 160	1 942	(2 178)	1	925
CAP	Trust Fund for the Core Budget of the Carpathian Convention for the Protection and Sustainable Development of the Carpathians and related protocols	–	688	(1)	–	687
CRL	Regional Trust Fund for the Implementation of the Action Plan for the Caribbean Environment Programme	3 981	2 591	(2 858)	(9)	3 705
CTL	Trust Fund for the Convention on International Trade in Endangered Species of Wild Fauna and Flora	1 598	11 030	(11 323)	140	1 445
EAL	Regional Seas Trust Fund for the Eastern African Region	3 156	426	(683)	(1)	2 898
ESL	Regional Trust Fund for the Implementation of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of East Asian Seas	51	311	(228)	17	151
LAL	General Trust Fund in Support of the Lusaka Agreement Task Force on Cooperative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora	2	1	(1)	1	3
MEL	Trust Fund for the Protection of the Mediterranean Sea against Pollution	(1 677)	14 481	(10 262)	54	2 596
MPL	Trust Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer	7 230	8 621	(8 698)	378	7 531
MSL	Trust Fund for the Convention of Conservation of Migratory Species of Wild Animals	907	5 711	(5 422)	–	1 196

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
MVL	General Trust Fund for Voluntary Contributions in Support of the Convention on the Conservation of Migratory Species of Wild Animals	1 642	4 477	(4 308)	(21)	1 790
PNL	General Trust Fund for the Protection Management and Development of Coastal and Marine Environment and the Resources of Northwest Pacific Region	1 288	848	(749)	1	1 388
ROL	General Trust Fund for Operational Budget of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	1 113	8 318	(7 683)	(24)	1 724
RVL	Special Trust Fund for the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals in International Trade	549	2 968	(2 699)	795	1 613
SCL	General Trust Fund for the Stockholm Convention on persistent Organic Pollutants its Subsidiary Bodies and the Convention	978	11 698	(11 760)	(3)	913
SMU	Trust Fund to Support the Activities of the Secretariat of the Memorandum of Understanding on the Conservation of Migratory Sharks	–	120	(41)	–	79
SOL	General Trust Fund for Financing Activities on Research & Observations to Vienna Convention	79	14	44	(35)	102
SVL	Special Trust Fund for the Stockholm Convention on Persistent Organic Pollutants, Its Subsidiary Bodies and the Convention Secretariat	(40)	6 323	(4 700)	88	1 671
VBL	Voluntary Trust Fund to Facilitate the Participation of Indigenous and Local Communities in the Work of the Convention on Biological Diversity	208	210	(418)	–	–
VCL	Trust Fund for the Vienna Convention for the Protection of the Ozone Layer	2 526	1 366	(1 007)	131	3 016
WAL	Trust Fund for the Convention for Cooperation in the Protection and Development of the West, Central and Southern African Region	195	1 158	(778)	–	575
	Total supporting conventions/protocols/regional seas programmes	**47 814**	**193 052**	**(150 327)**	**686**	**91 225**
	Total general trust funds (statement V)	**54 787**	**271 268**	**(197 076)**	**13 396**	**142 375**
	Technical cooperation trust funds directly supporting UNEP — General					
AFB	Technical Cooperation Trust Fund for the Activities of UNEP as Multilateral Implementing Entity of the Adaptation Fund Board	–	3 163	(866)	(1)	2 296

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
AHL	Technical Cooperation Trust Fund to Assist the Implementation of Agenda 21 in Europe and to Strengthen the Pan-European Environmental cooperation (financed by the Government of the Netherlands)	50	–	(30)	–	20
BPL	Technical Cooperation Trust Fund for the Implementation of the Agreement with Belgium	971	9	(329)	(1)	650
CFL	Technical Cooperation Trust Fund for the Implementation of the Framework Agreement on Strategic Cooperation between the Ministry of Environmental Protection of China and UNEP	–	2 009	(391)	–	1 618
CIL	Technical Cooperation Trust Fund to Support the Implementation of the Strategic Plan for Remediation Activities following the Toxic Waste Incident in Abidjan, Côte d'Ivoire	141	2	(79)	(1)	63
CLL	Trust Fund to Support the Activities of the Climate Technology Centre and Network	–	8 631	(23)	–	8 608
CNL	Technical Cooperation Trust Fund for the UNEP Climate Neutral Fund	832	558	(470)	1	921
DPL	Technical Cooperation Trust Fund for the Partnership Agreement between the Government of the Netherlands and UNEP	3	–	–	–	3
EAP	Multi-Donor Technical Cooperation Trust Fund for the Implementation of the African Elephant Action Plan	175	760	(69)	–	866
ECL	Technical Cooperation Trust Fund to Support Achievement of Contribution Agreement No. 21	13	31 854	(10 694)	(748)	20 425
ELL	Technical Cooperation Trust Fund to Strengthen the Institutional and Regulatory Capacity of Developing Countries in Africa (financed by the Government of the Netherlands)	174	1	(174)	(1)	–
EML	Technical Cooperation Trust Fund for Activities in Developing Countries on Environmental Awareness and Machinery (financed by the Government of Germany)	237	4	–	(1)	240
ESS	Technical Cooperation Trust Fund for UNEP Implementation of the Ecosystem based Adaptation	14 230	2 328	(5 194)	(75)	11 289
EUL	Technical Cooperation Trust Fund to Support Achievement of Contribution Agreement No. DCI-ENV/2010/258-800	13	33 097	(8 329)	–	24 781
GAL	Technical Cooperation Trust Fund for the Implementation of Activities Funded by the United Nations Fund for International Partnership	292	44	(329)	(7)	–

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
GIL	Technical Cooperation Trust Fund to Provide Experts to the UNEP/GRID (Global Resource Information Database) (financed by the Government of the United States of America)	63	1	–	–	64
GNL	Technical Cooperation Trust Fund in Support of the Coordination Office of the Global Programme Action for the Protection of the Marine Environment from Land-based Activities (financed by the Government of the Netherlands)	205	2	(207)	–	–
GRL	Technical Cooperation Trust Fund for the Implementation of Greening Economies in the Eastern Neighbourhood and Central Asia Programme	–	687	(230)	–	457
IAL	Technical Cooperation Trust Fund for Ireland Aid Multilateral Environment Fund for Africa	1 643	22	(493)	(49)	1 123
IEL	Technical Cooperation Trust Fund to Improve the Environment in the Democratic People's Republic of Korea	976	13	(388)	(1)	600
IPL	Technical Cooperation Trust Fund to Assist the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer in Developing Countries (financed by the Government of Sweden)	469	604	(152)	–	921
JCL	Technical Cooperation Trust Fund for the Establishment of the International Environment Technology Centre in Japan	2 443	2 621	(2 457)	(21)	2 586
MDL	Technical Cooperation Trust Fund for UNEP Implementation of the Millennium Developmeat Goals Achievement Fund	2 549	254	(2 018)	(227)	558
NFL	Technical Cooperation Trust Fund for the Implementation of the Framework Agreement between UNEP and Norway	10 715	35 311	(32 488)	58	13 596
PGL	Technical Cooperation Trust Fund for the Implementation of the Partnership for Action on Green Economy	–	6 128	(1)	–	6 127
RED	Technical Cooperation Trust Fund to Support the UNEP Programme of Work and Responsibilities in the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries	10 436	17 567	(13 921)	2	14 084
REL	Technical Cooperation Trust Fund for the Promotion of Renewable Energy in the Mediterranean Region	4 310	864	(1 739)	–	3 435

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
SCP	Technical Cooperation Trust Fund for the 10-Year Framework of Programmes on Sustainable Consumption and Production	–	49	–	–	49
SEL	Technical Cooperation Trust Fund for the Implementation of the Agreement with Sweden	6 136	9 087	(8 267)	348	7 304
SFL	Technical Cooperation Trust Fund for Implementation of the Framework Agreement between Spain and UNEP	12 802	527	(9 497)	(190)	3 642
UCL	Technical Cooperation Trust Fund for Enhancement of Cooperation between UNEP and the United Nations Compensation Commission	42	–	(40)	–	2
UTL	Technical Cooperation Trust Fund for the Implementation of UNEP-UNCTAD Capacity Building Task Force on Activities on Trade, Environment and Development	92	120	(136)	(40)	36
VML	Technical Cooperation Trust Fund to Assist Developing Countries to Take Action for the Protection of the Ozone Layer under the Vienna Convention and Montreal Protocol (financed by the Government of Finland)	179	15	40	–	234
	Total directly supporting UNEP-General	**70 191**	**156 332**	**(98 971)**	**(954)**	**126 598**
Supporting conventions/protocols/regional seas programmes						
IML	Technical Cooperation Trust Fund for UNEP Implementation of the Multilateral Fund Activities	23 003	35 827	(25 987)	17	32 860
MRL	Technical Cooperation Trust Fund on the Conservation and Management of Marine Turtles and their Habitats of the Indian Ocean and South-East Asia	298	439	(536)	4	205
RSL	Technical Cooperation Trust Fund to Support the Implementation of the Rotterdam and Stockholm Conventions in Developing Countries	216	3	–	3	222
	Total supporting conventions/protocols/regional seas programmes	**23 517**	**36 269**	**(26 523)**	**24**	**33 287**
Division of the Global Environment Facility						
CCL	Technical Cooperation Trust Fund for the Management of the UNEP/Global Environment Facility Special Climate Change Fund Programme	995	4 201	(4 697)	(144)	355
FBL	Technical Cooperation Trust Fund for the Implementation of the Global Environment Facility Fee-Based System for Funding Projects Implementation	13 993	17 905	(13 228)	(12)	18 658

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
GFL	Technical Cooperation Trust Fund for UNEP Implementation of the Activities Funded by the Global Environment Facility	23 791	104 635	(111 839)	(261)	16 326
LDL	Technical Cooperation Trust Fund for the Management of the UNEP/Global Environment Facility National Adaptation Programme of Action for Least Developed Countries	3 007	194	(2 560)	(199)	442
NPL	Technical Cooperation Trust Fund for the Management of the UNEP/Global Environment Facility Nagoya Protocol Implementation Fund (NPIF)	–	1 000	(686)	–	314
	Total Division of the Global Environment Facility	**41 786**	**127 935**	**(133 010)**	**(616)**	**36 095**
	Total technical cooperation trust funds (statement V)	**135 494**	**320 536**	**(258 504)**	**(1 546)**	**195 980**
Directly supporting UNEP personnel						
CEL	Technical Cooperation Trust Fund for Financing of Professional Officers (financed by the Government of Finland)	946	1 654	(1 409)	–	1 191
CSL	Technical Cooperation Trust Fund for the Provision of a Senior Professional Officer to UNEP (financed by the Government of Canada)	25	–	–	–	25
SNL	Special Purpose Trust Fund for the Provision of a Professional Officer to UNEP/secretariat of the Basel Convention	54	1	–	–	55
TAL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Government of Austria)	7	–	–	(7)	–
TBL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Government of Belgium)	267	3	(189)	(2)	79
TCL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Nordic Governments through the Government of Sweden)	274	4	(5)	–	273
TDL	Special Purpose Trust Fund for Government of Denmark's Agreement with UNEP for the Provision of Junior Professional Officers	357	543	(291)	(1)	608
TEL	Technical Cooperation Trust Fund for the Provision of Professional and Junior Professional Officers (financed by the Government of the United States of America)	16	–	–	–	16
TGL	Special Purpose Trust Fund for the Provision of Junior Professional Officers (financed by the Government of Germany)	1 131	1 647	(1 424)	(176)	1 178

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
THL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Government of the Netherlands)	428	468	(521)	–	375
TIL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Government of Italy)	258	73	(164)	(4)	163
TJL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Government of Japan)	901	13	(70)	–	844
TKL	Technical Cooperation Trust Fund for the Provision of Professional Officers (financed by the Government of the Republic of Korea)	543	374	(872)	1	46
TNL	Special Purpose Trust Fund for the Government of Norway's Agreement with UNEP for the Provision of Junior Professional Officers	563	860	(701)	–	722
TOL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by l'Organisation internationale de la Francophonie)	60	–	–	(60)	–
TPL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Spanish Agency for International Development)	672	7	(293)	–	386
TRL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Government of France)	443	377	(419)	1	402
TSL	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (financed by the Government of Sweden)	–	319	(161)	–	158
	Total directly supporting — personnel (statement V)	**6 945**	**6 343**	**(6 519)**	**(248)**	**6 521**
	Total technical trust funds	**142 439**	**326 879**	**(265 023)**	**(1 794)**	**202 501**
	Earmarked contributions					
CPL	Counterpart Contributions in Support of the Environment Fund Activities	53 161	149 865	(85 810)	147	117 363
QAC	Support for the Convention for Cooperation in the Protection and Development of the West, Central and Southern African Region	–	2	–	–	2
QAW	Support of the Action Plan for the Eastern African Region	929	13	(347)	(1)	594
QCL	Support of the Action Plan for the Caribbean Environment Programme	2 990	2 650	(4 955)	(137)	548
QEL	Support of the Eastern Asian Seas Action Plan	612	994	(1 447)	218	377
QFL	Support of the secretariat of the Agreement on the Conservation of Populations of European Bats	21	133	(100)	–	54

Schedule 9.1
Income, expenditure and changes in fund balances for the biennium ended 31 December 2013 (continued)

		Opening fund balance 1 January 2013	*Income*	*Expenditure*	*Adjustments/ transfers*	*Closing fund balance 31 December 2013*
QGL	Support of the Global Environment Facility	1 357	3 258	(1 270)	(22)	3 323
QML	Support of the Mediterranean Action Plan	2 471	3 599	(5 567)	(10)	493
QNL	Support of the Northwest Pacific Action Plan	1 340	2 511	(2 834)	–	1 017
QOL	Support of the Activities of the Ozone Secretariat	(89)	717	(617)	1	12
QRL	Support of the Basel Convention	10	–	–	–	10
QSL	Support of the African Eurasian Waterbirds Agreement	488	6	(41)	(486)	(33)
QTL	Support of the Activities of the Convention on International Trade in Endangered Species of Wild Fauna and Flora	4 462	8 991	(9 750)	(14)	3 689
QVL	Support of the secretariat of the Agreement on the Conservation of Small Cetaceans in the Baltic, North East Atlantic, Irish and North Seas	38	116	(100)	–	54
QWL	Support of the Convention of Migratory Species of Wild Animals	10	746	(502)	(1)	253
Total earmarked contributions (statement I)		**67 800**	**173 601**	**(113 340)**	**(305)**	**127 756**
Other funds						
Directly supporting UNEP						
FTL	Revolving Fund Activities	53	21	(29)	–	45
SRL	Global trust fund for voluntary contributions in respect of the United Nations Scientific Committee on the Effects of Atomic Radiation	368	261	(333)	(1)	295
Total directly supporting UNEP		**421**	**282**	**(362)**	**(1)**	**340**
Supporting conventions/protocols/regional seas programmes						
CAL	Support of the Mediterranean Action Plan	(548)	782	(616)	(1)	(383)
JAL	Support of the Action Plan for the Caribbean Environment Programme	–	(1)	–	1	–
Total supporting conventions/protocols/regional seas programmes		**(548)**	**781**	**(616)**	**–**	**(383)**
Total other funds (statement V)		**(127)**	**1 063**	**(978)**	**(1)**	**(43)**
Grand total trust funds (statement IX)		**264 899**	**772 811**	**(576 417)**	**11 296**	**472 589**

United Nations Environment Programme

X. End-of-service and post-retirement benefits

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reference	After-service health insurance	Annual leave	Repatriation benefits	Total 2013	Total 2011
Non-budgeted accrued expenses for end-of-service and post-retirement benefits		(7 509)	(1 892)	–	(9 401)	(38 375)
Net excess of income over expenditure		**(7 509)**	**(1 892)**	–	**(9 401)**	**(38 375)**
Fund balances, beginning of biennium		(77 216)	(8 089)	–	(85 305)	(46 930)
Fund balances, end of biennium		**(84 725)**	**(9 981)**	–	**(94 706)**	**(85 305)**
Reserves, beginning of biennium		–	–	4 269	4 269	3 703
Transfer to reserves		–	–	3 813	3 813	566
Reserves, end of biennium		–	–	**8 082**	**8 082**	**4 269**
Total reserves and fund balances		**(84 725)**	**(9 981)**	**8 082**	**(86 624)**	**(81 036)**

Statements of assets, liabilities, reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

Assets						
Inter-fund balances receivable	Note 7	–	–	27 264	27 264	21 075
Total assets		–	–	**27 264**	**27 264**	**21 075**
Liabilities						
End-of-service and post-retirement benefits	Note 12	84 725	9 981	19 182	113 888	102 111
Total liabilities		**84 725**	**9 981**	**19 182**	**113 888**	**102 111**
Reserves and fund balances						
Reserves		–	–	8 082	8 082	4 269
Fund balance		(84 725)	(9 981)	–	(94 706)	(85 305)
Total reserves and fund balaaces		**(84 725)**	**(9 981)**	**8 082**	**(86 624)**	**(81 036)**
Total liabilities, reserves and fund balances		–	–	**27 264**	**27 264**	**21 075**

United Nations Environment Programme

XI. Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reference	*2013*	*2011*
Income			
Assessed contributions	Schedule 11.1	258 398	255 551
Voluntary contributions	Schedule 11.1	2 696	1 672
Interest income		4 717	6 141
Miscellaneous income		400	168
Total income		**266 211**	**263 532**
Expenditure			
Staff and other personnel costs		8 516	7 699
Contractual services		1 576	1 383
Travel		579	531
Operating expenses		693	731
Acquisitions		1 622	1 596
Fixed exchange rate mechanism losses		6 077	10 304
Programme support costs	Statement VIII	937	767
UNEP-managed activities[a]		27 032	34 374
UNDP-managed activities[a]		79 210	64 515
UNIDO-managed activities[a]		124 586	56 910
World Bank-managed activities[a]		47 884	34 803
Total expenditure		**298 712**	**213 613**
Excess/(shortfall) of income over expenditure		(32 501)	49 919
Prior-period adjustments		(7 657)	(8 949)
Excess/(shortfall) of income over expenditure		(40 158)	40 970
Fund balances, beginning of biennium		362 727	321 757
Fund balances, end of biennium		**322 569**	**362 727**

United Nations Environment Programme

XI. Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer (continued)

Statement of assets, liabilities, reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reference	*2013*	*2011*
Assets			
Cash and term deposits	Note 6	574	831
Cash pools	Note 6	25 788	15 238
Advances provided to implementing agencies		252 929	305 094
Contributions receivable	Schedule 11.1	198 850	187 122
Less provision for doubtful accounts receivable		(174 167)	(166 233)
Net voluntary contribution receivable		**24 683**	**20 889**
Promissory notes		36 572	24 844
Accounts receivable		331	353
Other assets[a]		186 956	126 653
Total assets		**527 833**	**493 902**
Liabilities			
Payments or contributions received in advance	Schedule 11.1	17 041	4 107
Unliquidated obligations		234	266
Inter-fund balances payable	Note 7	84	42
Accounts payable		1 012	120
Other liabilities[b]		186 893	126 640
Total liabilities		**205 264**	**131 175**
Reserves and fund balances			
Fund balance		322 569	362 727
Total fund balances		**322 569**	**362 727**
Total liabilities and fund balances		**527 833**	**493 902**

United Nations Environment Programme

XI. Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer (continued)

Statement of cash flows for the biennium ended 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Cash flows from operating activities		
Net excess/(shortfall) of income over expenditure	(40 158)	40 970
(Increase)/decrease in:		
Contributions receivable	(11 728)	(3 124)
Net advances provided to implementing agencies	52 165	(125 671)
Accounts receivable	22	(112)
Other assets	(60 303)	(126 634)
inter-fund balance receivable	–	16
Increase/(decrease) in:		
Provision for doubtful receivable	7 934	9 329
Payments or contributions received in advance	12 934	1 360
Unliquidated obligations	(32)	71
Accounts payable	892	(127)
Other liabilities	60 253	126 640
Inter-fund balances payable	42	42
Less: interest income	(4 717)	(6 141)
Net cash flows from operating activities	**17 304**	**(83 381)**
Cash flows from investing activities		
(Increase)/decrease in:		
Promissory notes	(11 728)	11 519
Cash pools	(10 550)	65 871
Plus: interest income	4 717	6 141
Net cash flow from investing activities	**(17 561)**	**83 531**
Net increase in cash and term deposits	(257)	150
Cash and term deposits, beginning of biennium	831	681
Cash and term deposits, end of biennium	**574**	**831**

[a] In order to allow UNEP to comply with the requirement to issue the financial statements by 31 March of the following biennium, the Treasurer, with the approval of the Executive Committee of the Multilateral Fund, has adopted the practice of recording UNDP-, UNIDO- and World Bank-submitted unaudited expenditure. There is, however, an agreement that the implementing agencies will provide audited expenditures as soon as they become available, but not later than 30 September of the following year.

[b] In line with UNEP practices, the Fund raises obligations to record commitments that have been entered into for future years. An amount of $186.893 million ($126.640 million for 2011) is included under other assets as well as under other liabilities.

United Nations Environment Programme

Schedule 11.1
Status of contributions for the biennium ended 31 December 2013

Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer
(United States dollars)

Countries/organizations	*Unpaid pledges as at 1 January 2012*	*Adjustments to prior periods*	*Pledges for 2012-2013*	*Net pledges for 2012-2013*	*Collections for future periods*	*Collections for 2012-, 13 and prior periods*	*Unpaid pledges*
Andorra	104	–	23 813	23 813	–	23 917	–
Australia	–	–	6 575 798	6 575 798	–	6 575 798	–
Austria	–	–	2 894 984	2 894 984	–	2 894 984	–
Azerbaijan	582 152	–	51 028	51 028	–	–	633 180
Belarus	2 757 648	–	142 878	142 878	–	–	2 900 526
Belgium	–	–	3 657 001	3 657 001	–	3 657 001	–
Bulgaria	–	–	129 271	129 271	–	129 271	–
Canada	853 494	24 469	10 916 593	10 916 593	–	10 715 633	1 078 923
Cyprus	–	–	156 486	156 486	–	156 486	–
Czech Republic	–	–	1 187 250	1 187 250	527 165	1 187 250	–
Denmark	–	–	2 503 770	2 503 770	–	2 503 770	–
Estonia	–	–	136 074	136 074	–	136 074	–
Finland	–	–	1 925 453	1 925 453	–	1 925 453	–
France	693 288	146 869	20 450 510	20 450 510	162 465	20 597 379	693 288
Germany	171 486	–	21 781 780	21 781 780	5 553 467	21 781 780	171 486
Greece	1 260 637	–	2 350 686	2 350 686	–	1 260 638	2 350 686
Holy See	–	–	3 402	3 402	–	–	3 402
Hungary	604 927	–	989 942	989 942	–	167 093	1 427 776
Iceland	–	541	142 878	142 878	–	36 405	107 014
Ireland	–	–	1 694 127	1 694 127	–	1 694 127	–
Israel	7 590 710	–	1 306 315	1 306 315	–	–	8 897 025
Italy	5 246 730	1 417	16 938 104	16 938 104	–	10 141 550	12 044 701
Japan	10 836 933	–	41 183 571	41 183 571	96 050	41 183 571	10 836 933
Latvia	–	–	129 271	129 271	–	129 271	–
Liechtenstein	–	–	30 617	30 617	–	30 617	–
Lithuania	492 967	–	221 121	221 121	–	221 121	492 967
Luxembourg	–	–	306 168	306 168	–	306 168	–
Malta	–	–	57 832	57 832	–	–	57 832
Monaco	–	–	10 206	10 206	–	10 206	–
Netherlands	–	–	6 310 453	6 310 453	–	6 310 453	–
New Zealand	–	–	928 708	928 708	–	928 708	–
Norway	–	–	2 963 021	2 963 021	–	2 963 021	–
Poland	2 171 990	–	2 816 741	2 816 741	–	4 988 731	–

Schedule 11.1
Status of contributions for the biennium ended 31 December 2013 (continued)

Countries/organizations	*Unpaid pledges as at 1 January 2012*	*Adjustments to prior periods*	*Pledges for 2012-2013*	*Net pledges for 2012-2013*	*Collections for future periods*	*Collections for 2012-2013 and prior periods*	*Unpaid pledges*
Portugal	1 693 029	–	1 738 351	1 738 351	–	66 000	3 365 380
Romania	–	–	602 129	602 129	–	301 064	301 065
Russian Federation	105 073 728	–	5 449 782	5 449 782	–	2 724 890	107 798 619
San Marino	–	–	10 206	10 206	–	10 206	–
Slovakia	–	–	483 064	483 064	–	483 064	–
Slovenia	–	–	350 392	350 392	–	175 196	175 196
Spain	4 804 458	–	9 914 713	9 914 713	–	14 719 171	–
Sweden	–	–	3 619 580	3 619 580	–	3 619 580	–
Switzerland	–	–	3 844 103	3 844 103	–	3 844 103	–
Tajikistan	65 076	–	6 804	6 804	–	3 239	68 641
Turkmenistan	281 718	–	–	–	–	–	281 718
Ukraine	8 061 920	–	295 962	295 962	–	147 981	8 209 901
United Kingdom	500 037	–	22 465 891	22 465 891	–	22 465 891	500 037
United States of America	32 877 434	–	58 666 667	58 666 667	10 701 561	55 626 380	35 917 721
Uzbekistan	501 998	–	34 019	34 019	–	–	536 017
Total assessed	**187 122 464**	**173 296**	**258 397 515**	**258 397 515**	**17 040 708**	**246 843 241**	**198 850 034**
Voluntary contributions							
Canada	–	–	2 696 381	2 696 381	–	2 696 381	–
Total	**187 122 464**	**173 296**	**261 093 896**	**261 093 896**	**17 040 708**	**249 539 622**	**198 850 034**

Statement XI

Ageing of unpaid pledges as at 31 December 2013					
Less than one year	*One to two years*	*Two to three years*	*Three to four years*	*More than 4 years*	*Total*
16 490 158	29 782 016	17 322 558	3 615 628	131 639 674	198 850 034

United Nations Environment Programme
Notes to the financial statements

Note 1
The United Nations Environment Programme and its objectives

The United Nations Environment Programme (UNEP) was established by the General Assembly by its resolution 2997 (XXVII) of 15 December 1972, with the Governing Council of UNEP as its policymaking organ and a Secretariat to serve as a focal point for environmental action and coordination within the United Nations system.

The mandate of UNEP has been confirmed through various legislative measures, both by the General Assembly and the Governing Council of UNEP. UNEP also provides the secretariats to several global and regional conventions that have been established in areas related to UNEP programme activities.

The activities for which UNEP is responsible fall within programme 11 (Environment) of the strategic framework for the period 2012-2013. The overall objective of programme 11 is to contribute to the well-being of current and future generations and the attainment of global environmental goals. It is centred on transition to low-carbon, resource-efficient and equitable development based on the protection and sustainable use of ecosystem services, coherent and improved environmental governance and the reduction of environmental risks. The activities under programme 11 are grouped under subprogrammes relating to climate change, disasters and conflict, ecosystem management, environmental guidance, harmful substances and hazardous waste and resource efficiency and sustainable consumption and production. The activities include: (a) strengthening the ability of countries, in particular developing countries, to integrate climate change responses into national development processes; (b) minimizing environmental threats to human well-being from the environmental causes and consequences of existing and potential natural and man-made disasters; (c) ensuring that countries utilize the ecosystem approach to enhance human well-being; (d) ensuring that environmental governance at the country, regional and global levels is strengthened to address agreed environmental priorities; (e) minimizing the impact of harmful substances and hazardous waste on the environment and human beings; and (f) ensuring natural resources are produced, processed and consumed in a more environmentally sustainable way, in which environmental impact is decoupled from economic growth and social co-benefits are optimized.

Note 2
Summary of significant accounting and financial reporting policies

The accounts of UNEP are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, administrative instructions issued by the Under-Secretary-General for Management or the Controller, UNEP financial rules and specific decisions of the Governing Council of UNEP. They also take fully into account the United Nations system accounting standards, as adopted by the Administrative Committee on Coordination. The Administrative Committee on Coordination has since been replaced by the United Nations System Chief Executives Board for Coordination. The Organization follows International Accounting Standard 1, "Presentation of financial statements",

on the disclosure of accounting policies, as modified and adopted by the Chief Executives Board, as shown below:

(a) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(b) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(c) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(d) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(e) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(f) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material be disclosed and quantified.

The organization's accounts are maintained on a "fund accounting" basis. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing, double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds.

Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting.

The accounts of the organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the organization's rates of exchange for the last month of the financial period, a footnote will be presented quantifying the difference.

The organization's financial statements are prepared on the historical cost basis of accounting, and are not adjusted to reflect the effects of changing prices for goods and services.

The cash flow summary statement is based on the "indirect method" of cash flow as referred to in the United Nations system accounting standards.

The organization's financial statements are presented in accordance with the ongoing recommendations of the Working Party on Accounting Standards to the Chief Executives Board.

The results of the Organization's operations presented in statements I, II and III are combined after the elimination of instances of double-counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds.

The regular budget of the United Nations meets part of the costs of the secretariat of UNEP established under resolution 2997 (XXVII). Details of the expenditure are consolidated in the financial report and audited financial statements of the United Nations. However, for transparency and completeness, the status of the current period allocations from the regular budget given to UNEP are reported on statement I and related assets and liabilities if any on statement II.

Income

Voluntary contributions to the Environment Fund and multilateral environmental agreements from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Pledges to the Environment Fund remaining unpaid after four years are written off with the approval of the Governing Council. Pledges to multilateral environmental agreements which involve a budget that has been approved by the parties are written off with the approval of the parties to that agreement. Contributions to trust funds are recorded as income upon receipt.

Assessed contributions to the multilateral environmental agreements from Member States are recorded as income on the basis of the agreed assessments.

Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf.

Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund.

Income for services rendered includes reimbursements for salaries of staff members and other costs which are attributable to providing technical and administrative support to other organizations.

Interest income includes all interest earned on deposits in bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the cash pools. All gains/losses on investments and foreign exchange differences relating to the cash pools are offset against investment income. Investment income and costs associated with operation of investments in the cash pool are allocated to participating funds.

Miscellaneous income includes refunds of expenditure charged to prior periods, income from net gains resulting from currency translations, monies accepted for which no purpose was specified, uncashed cheques one biennium from their date of issuance, settlements of insurance claims and other sundry income.

Income relating to future financial periods is not recognized in the current financial period and is recorded as payments or contributions received in advance as referred to in the section on liabilities, reserves and fund balances below.

Expenditure

Expenditure is incurred against authorized allotments. Total expenditure reported includes unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from revaluation of current-period obligations.

Expenditure incurred for non-expendable property is charged to the budget of the period when acquired and is not capitalized. Inventory of such non-expendable property is maintained at historical cost.

Expenditure for future financial periods is not charged to the current financial period and is recorded as deferred charges as referred to in the fourth and sixth paragraphs of the section on assets below.

Assets

Cash and term deposits comprise funds held in demand deposit accounts and interest-bearing bank deposits.

Investments include marketable securities and other negotiable instruments in the cash pool. Cost is defined as the nominal value plus/minus any unamortized premium/discount. Short-term investments, stated at market value, and long-term investments, stated at market vaiue, are disclosed in note 5.

United Nations Headquarters cash pools comprise participating funds' share of the cash and term deposits, short-term investments and accrual of investment income, all of which are managed in the pools. The investments in the pools are similar in nature and are accounted for as stated in the preceding paragraph. Income earned on the investments of the cash pools and the costs associated with the operation of these investments are allocated to participating funds. Each participating fund's share in the cash pools is reported separately in its statements. All currency exchange gains and losses on non-United States dollar cash balances held on behalf of trust funds are apportioned to the trust funds on the basis of the balances held by each fund, and on the basis of the currency in which funds were received and held by UNEP.

Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery.

Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the Environment Fund, trust funds, other special accounts, the United Nations General Fund and other United Nations funds which are normally settled periodically dependent upon availability of cash resources.

For the purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years

completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged, and the advances settled.

Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment and other non-expendable property are not included in the assets of the organization. Acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is recorded in memorandums accounts, and is disclosed in note 13 to the financial statements.

Liabilities, reserves and fund balances

Operating and other types of reserves are included in the totals for "reserves and fund balances" shown in the financial statements.

Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations.

Deferred income includes pledged contributions for future periods, payments or contributions received in advance and other income received but not yet earned.

Commitments of the organization relating to prior and current financial periods are shown as unliquidated obligations, while those for future financial periods are shown as other liabilities. Current period obligations related to trust funds remain valid for 12 months following the end of the year to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year.

Contingent liabilities, if any, are disclosed in the notes to the financial statements.

Accrued liabilities for end-of-service and post-retirement benefits comprise after-service health insurance, annual leave and repatriation benefits. These are determined on an actuarial basis.

Financial reserve. As stated in rule 209.2 of the Financial Rules of the Fund, the purpose of the financial reserve is to guarantee the financial liquidity and integrity of the Environment Fund, to compensate for uneven cash flows and to meet such other similar requirements as may be decided upon by the Governing Council. The financial reserve has been retained at $20 million, which complies with Governing Council decision 20/31.

Operating reserve. With regard to the Special Account for Programme Support Costs, an operating reserve is required to protect against unforeseen shortfalls in delivery, inflation and currency adjustments or to liquidate legal obligations in case of abrupt terminations of activities financed from extrabudgetary resources. With regard to trust funds, and as stated in administrative instruction ST/AI/284, an operating cash reserve at a constant level of 15 per cent of estimated annual planned expenditure will be maintained during the implementation of trust fund activities to cover shortfalls and will be utilized to meet the final expenditure under the trust fund, including any liquidating liabilities.

Revolving Fund. The Governing Council, by its decision 11/(II) of 22 March 1974, established a Revolving Fund to finance the production of materials in support of national programmes of public information and education in the

environment field. The Council further decided that the income from the sale or rental of information materials, the production of which was financed from the Revolving Fund should be credited to that Fund. Any cumulative surplus in excess of $200,000 is transferred to the Environment Fund at the end of the financial period.

Effective 2011, commitments with respect to UNEP projects undertaken by cooperating agencies and supporting organizations are recorded in the UNEP accounts when the agreement is signed. Advances given are recorded as receivables in the UNEP accounts and reduced on the basis of actual expenditure of funds reported by participating partners.

A provision to meet contingent liabilities for compensation payments under appendix D to the Staff Rules of the United Nations for the UNEP personnel financed from trust funds and the Environment Fund has been made and is calculated on the basis of 1 per cent of the net base pay.

UNEP follows the general provisions of the Secretary-General's bulletin on the establishment and management of trust funds (ST/SGB/188) and its supporting administrative instructions (ST/AI/285 and ST/AI/286), although, as indicated in paragraph 3 of document ST/SGB/188, that bulletin does not apply to funds such as the Fund of the United Nations Environment Programme, which are subject to the administrative authority of their executive heads (for UNEP, the Executive Director).

At the eleventh meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, it was decided that promissory notes constitute committable resources and that the deposit of a promissory note would be considered to be payment of a country's contribution to the Multilateral Fund. Consequently, promissory notes received from member countries have been reflected in the accounts of the Multilateral Fund.

Employee benefits. UNEP recognizes the following categories of employee benefits:

(a) Short-term employee benefits due to be settled within 12 months after the end of the accounting period in which employees render the related service;

(b) Post-employment benefits;

(c) Other long-term employee benefits; and

(d) Termination benefits.

United Nations Joint Staff Pension Fund

UNEP is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the

obligation, plan assets and costs to individual organizations participating in the plan. UNEP and the United Nations Joint Staff Pension Fund, in line with the other participating organizations in the Fund, are not in a position to identify the proportionate share of UNEP of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. UNEP has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. UNEP contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

The change from the United Nations system accounting standards to the International Public Sector Accounting Standards

The United Nations is transitioning from the use of the United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS), which will guide presentation of the financial statements of the United Nations, including those of UNEP, commencing from the 2014 financial year. Hence the present financial statements are the last statements that will be prepared on the basis of the United Nations system accounting standards.

IPSAS is based on full accrual accounting, which means that all assets and liabilities are presented on the face of the financial statements and expenses and revenues are recognized when incurred/earned, irrespective of the cash flows. IPSAS also requires significantly more note disclosures in the financial statements.

Under the United Nations system accounting standards, financial accounting and budgetary accounting are aligned. With the adoption of IPSAS, the financial statements will be presented on the full accrual basis, whereas budgetary expenditure will continue to be recorded on a modified cash basis. There will be a reconciliation between budget implementation and the financial statements which will be presented in the notes to the financial statements.

IPSAS requires annual financial statements; commencing from the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

Note 3
Miscellaneous income

(Thousands of United States dollars)

	Environment Fund	*Trust funds*	*Earmarked contributions*	*Special Account for Programme Support Costs fund*	*All fund elimination*	*Total*	
						2013	*2011*
Gain on currency exchange transactions	58	272	2	–	–	332	1 042
Other	349	125	352	–	–	826	702
Support from special accounts for programme support costs	–	–	–	1 000	–	1 000	1 005
Carbon contributions	–	540	–	–	(540)	–	–
Total	**407**	**937**	**354**	**1 000**	**(540)**	**2 158**	**2 749**

Note 4
Prior-period adjustments

(Thousands of United States dollars)

	Environment Fund	*Trust funds*	*Earmarked contributions*	*Special Account for Programme Support Costs fund*	*Total* 2013	*Total* 2011
Adjustment to prior-period pledges	(118)	509	(107)	–	284	(2 526)
Write-offs	(53)	(37)	(1)	(4)	(95)	(117)
Net adjustment to prior periods	(668)	(1 559)	662	55	(1 510)	(669)
Exchange gains from cash pools	–	13 792	–	–	13 792	–
Other	–	–	–	–	–	(7)
Total	**(839)**	**12 705**	**554**	**51**	**12 471**	**(3 319)**

Note 5
Refunds to donors

(Thousands of United States dollars)

	Trust funds	*Earmarked contributions*	*2013*	*2011*
African Ministers Council on Water	(131)	–	(131)	–
CBM	(124)	–	(124)	–
Ministry of Foreign Affairs of Denmark	–	(1)	(1)	(18)
European Commission	(287)	(32)	(319)	(618)
European Union	–	(433)	(433)	(52)
FAO	(75)	–	(75)	–
Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany	(76)	–	(76)	(8)
Federal Ministry for Economic Cooperation and Development, Germany	–	(21)	(21)	–
Government of Austria	(7)	–	(7)	–
Government of Belgium	–	–	–	(362)
Government of Finland	–	–	–	(49)
Government of Germany	(200)	(62)	(262)	(317)
Government of Indonesia	–	–	–	(20)
Government of Japan	(11)	–	(11)	(44)
Government of the Netherlands	–	(33)	(33)	–
Government of Sweden	(7)	–	(7)	(763)
Government of Thailand	–	(14)	(14)	–
World Bank/International Finance Corporation	(435)	(14)	(449)	–
Korea Energy Management Corporation	–	(65)	(65)	–
Organisation Internationale de la Francophonie	(60)	–	(60)	–

	Trust funds	*Earmarked contributions*	*2013*	*2011*
Ministerie van Buitenlandse Zaken	(162)	–	(162)	(176)
Multilateral Fund secretariat in Montreal	–	–	–	(53)
Ministry of Agriculture, Forestry and Fisheries	(191)	–	(191)	–
National Wildlife Federation	–	(20)	(20)	–
Norwegian Agency for Development Cooperation	(7)	–	(7)	–
Office for the Coordination of Humanitarian Affairs/ Integrated Regional Information Network	–	–	–	(25)
Swedish Environmental Protection Agency	(7)	–	(7)	(73)
Swedish International Chemicals Inspectorate	–	–	–	(17)
Swedish International Development Cooperation Agency	(20)	(2)	(22)	(60)
UNDP Multi-Donor Trust Fund Office	(182)	–	(182)	(39)
UNDP Resident Representative for Iraq — Amman office	–	–	–	(11)
United Nations Institute for Training and Research	–	(10)	(10)	–
United Nations Fund for International Partnership	(7)	–	(7)	–
United Nations Office for Project Services, Denmark	–	(115)	(115)	–
	(1 989)	**(822)**	**(2 811)**	**(3 205)**

Note 6
Convertible and non-convertible cash, bank deposits and investments as at 31 December 2013

(Thousands of United States dollars)

	Reference	*Cash pools*[a] *United States dollar*	*Euro*[b]	*Total*	*Cash and term deposits*
Environment Fund	Statements II and IV	26 931	–	26 931	3 076
Trust funds					
General trust funds		138 354	2 323	140 677	56 468
Technical cooperation trust funds	Statement VI	189 900	3 189	193 089	12
Professional Officers trust funds	Statement VI	6 151	103	6 254	–
Other	Statement VI	409	7	416	–
Total trust funds	Statements II and VI	**334 814**	**5 622**	**340 436**	**56 480**
Earmarked contributions	Statement II	124 536	2 091	126 627	–
Convention on International Trade in Endangered Species of Wild Fauna and Flora — investment outside UNEP cash pools		1 621	–	1 621	–
Subtotal earmarked		**126 157**	**2 091**	**128 248**	–

	Reference	Cash pools[a]			Cash and term deposits
		United States dollar	Euro[b]	Total	
Special Account for Programme Support	Statements II and VIII	11 254	189	11 443	–
Total cash, bank deposits and investments	Statement II	**499 156**	**7 902**	**507 058**	**59 556**
Represented by					
Cash and term deposits		104 327	3 030	107 357	59 556
Short-term investments at market value[c]		198 926	2 378	201 304	–
Long-term investments at market value[c]		195 219	2 445	197 664	–
Accrued interest receivable		684	49	733	–
Total UNEP cash, bank deposits and investments		**499 156**	**7 902**	**507 058**	**59 556**
Multilateral Fund	Statement XI	25 788	–	25 788	574
Represented by					
Cash and term deposits		5 390	–	5 390	574
Short-term investments at market value		10 277	–	10 277	–
Long-term investments at market value		10 086	–	10 086	–
Accrued interest receivable		35	–	35	–
Total Multilateral Fund		**25 788**	**–**	**25 788**	**574**

[a] Investments are placed in United Nations Headquarters joint investment cash pools. Treasury at United Nations Headquarters is solely responsible for the investment policy; participating offices are responsible only for their own cash flow management. See note 19 for more information on cash pools.

[b] The euro cash pool comprises cash and term deposits of €2,197, short-term investments of €1,725, long-term investments of €1,722, and accrued interest receivable of €36. The United Nations operational exchange rate for the euro as at 31 December 2013 was $1=0.725 euro.

[c] Effective 31 December 2013, investments are valued at market value.

Note 7
Inter-fund balances

(Thousands of United States dollars)

Inter-fund balances reflect transactions between the Environment Fund, trust funds, other special accounts, the United Nations General Fund and other United Nations funds, which are settled periodically. The following table is a breakdown of the inter-fund balances in thousands of United States dollars.

	2013	*2011*
Inter-fund balances receivable		
Environment Fund	–	4 031
Trust funds		
General trust funds	5 244	2 139
Technical cooperation trust funds	12 565	5 616
Professional Officers programme	314	190
Other	14	12
Total trust funds	**18 137**	**7 957**
Earmarked contributions	7 813	4 487
Special Account for Programme Support	500	419
End-of-service benefits funds	27 264	21 075
Total	**53 714**	**37 969**
Inter-fund balances payable		
Environment Fund	228	–
Trust funds		
General trust funds	56 100	38 449
Technical cooperation trust funds	136	80
Other funds	375	588
Total trust funds	**56 611**	**39 117**
Earmarked contributions	33	–
Total	**56 872**	**39 117**
Net inter-fund balance	**(3 158)**	**(1 148)**
The net inter-fund balance is due (to)/from		
Multilateral Fund (statement XI)	84	42
United Nations Office at Nairobi	(3 242)	(1 190)
Total	**(3 158)**	**(1 148)**

The inter-fund balances are reported as assets and liabilities without offset. However, the Environment Fund funds have been offset since the funding source is the same.

Note 8
Accounts receivable

(Thousands of United States dollars)

The totals below provide a comparison of the amounts shown in statement II as "accounts receivable", as at 31 December 2013 and 2011.

	Environment Fund	*Trust funds*	*Earmarked contributions*	*Special Account for Programme Support Costs fund*	*Regular budget*	*Total* 2013	*Total* 2011
Staff members	1 264	1 914	235	338	–	3 751	2 897
Vendors	33	154	38	4	–	229	326
Specialized agencies	109	8 123	151	3	–	8 386	8 525
Other United Nations agencies	1 480	35 371	8 217	998	340	46 406	55 206
Governments	178	14 914	1 443	–	–	16 535	16 285
Other	41	160	23	–	–	224	259
Total	**3 105**	**60 636**	**10 107**	**1 343**	**340**	**75 531**	**83 498**
Ageing of accounts receivable							
Less than six months	2 399	22 274	3 966	1 258	340	30 237	28 344
Six months to one year	180	16 387	2 359	15	–	18 941	15 086
More than one year	163	11 295	1 342	67	–	12 867	14 665
More than two years	363	10 680	2 440	3	–	13 486	25 403
Total	**3 105**	**60 636**	**10 107**	**1 343**	**340**	**75 531**	**83 498**

Note 9
Other assets and other liabilities

(Thousands of United States dollars)

The totals below provide a comparison of the amounts shown in statement II as "other assets", as at 31 December 2013 and 2011.

	Environment Fund	*Earmarked Trust funds contributions*	*Special Account for Programme Support Costs fund*	*Total* 2013	*Total* 2011
Other assets					
Deferred charges — education grant advances	684	709	79	96	1 568	1 330
Deferred charges — commitments against future years	357	152 734	9 634	15	162 740	68 001
Balance related to UNDP inter-office voucher transactions	3 476	–	–	–	3 476	4 917
Other	2	379	79	–	460	140

	Environment Fund	Trust funds	Earmarked contributions	Special Account for Programme Support Costs fund	Total 2013	Total 2011
Prepayments	7	7	–	–	14	–
Total	**4 526**	**153 829**	**9 792**	**111**	**168 258**	**74 388**
Other liabilities						
Reinstated obligations on outstanding SSFA payments above threshold	22	3 058	397	–	3 477	–
Commitments against future years	357	152 734	9 634	15	162 740	68 001
Total	**379**	**155 792**	**10 031**	**15**	**166 217**	**68 001**

Note 10
Accounts payable

(Thousands of United States dollars)

The totals below provide a comparison of the amounts shown in statement II as "accounts payable", as at 31 December 2013 and 2011.

	Environment Fund	Trust funds	Earmarked contributions	Special Account for Programme Support Costs fund	Total 2013	Total 2011
Staff members	237	485	81	8	811	1 126
Vendors	233	997	58	9	1 297	837
Specialized agencies	13	564	2	37	616	304
Other United Nations agencies	3 794	4 218	6 275	158	14 445	18 956
Governments	–	452	6	–	458	1 486
Other	177	561	256	6	1 000	592
Total	**4 454**	**7 277**	**6 678**	**218**	**18 627**	**23 301**

Note 11
Financial and other reserves

(Thousands of United States dollars)

The reserves as at 31 December 2013 and 2011 were:

	Environment Fund	Trust funds	Special Account for Programme Support Costs fund	End-of-service and post-retirement benefits	Total 2013	Total 2011
Financial reserve	20 000	–	–	–	20 000	20 000
Operating reserve	–	6 665	4 500	–	11 165	11 309
Other reserve	–	–	–	8 082	8 082	4 269
Total	**20 000**	**6 665**	**4 500**	**8 082**	**39 247**	**35 578**

Note 12
End-of-service and post-retirement benefits

(Thousands of United States dollars)

	2013	2011
After-service health insurance	84 725	77 216
Annual leave	9 981	8 089
Repatriation benefits	19 182	16 806
Total	**113 888**	**102 111**
Less: provision already made	(27 264)	(21 075)
Net liability not funded	**86 624**	**81 036**

End-of-service and post-retirement benefits comprise after-service health insurance coverage, annual leave and repatriation benefits. As disclosed in the last paragraph of the section on liabilities, reserves and fund balances in note 2 above, these liabilities are determined on the basis of an actuarial valuation.

After-service health insurance

Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007, and five years for those who were recruited prior to this date. This benefit is referred to as after-service health insurance.

The major assumptions used by the actuary to determine the liabilities for after-service health insurance as at 31 December 2013 were a discount rate of 4.14 per cent; current- and future-year rates of inflation of 2.5 per cent; health-care escalation rates of 7.3 per cent and 6.3 per cent in 2013 for United States non-Medicare and United States Medicare plans, respectively, grading down to 4.5 per cent in 10 years; 5.0 per cent in 2013 grading to 4.5 per cent in 10 years for dental for United States medical plans, 5.0 per cent flat rate for non-United States medical; and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation.

Contributions from retirees and a portion of the contributions from active staff are deducted from the gross liability in order to arrive at the organization's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the organization's share shall not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the medical insurance plan. This refinement in determination of plan participant contributions is reflective of the fact that both active and retired staff participate in the same health insurance plans and that their collective contributions serve to meet the approved cost-sharing ratios.

On the basis of the assumptions outlined in the second and third paragraphs of the present section, the present value of the accrued liability net of contributions

from plan participants was estimated at $84.725 million as at 31 December 2013 and $77.216 million as at 31 December 2011.

Further to the assumptions in the second paragraph of the present section, it is estimated that the present value of the liability would increase by 19.5 per cent and decrease by 25.7 per cent if the discount rate increased or decreased by 1.0 per cent, respectively, with all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by 23.7 per cent or decrease by 18.2 per cent if health-care trend rates increased or decreased by 1.0 per cent, respectively, with all other assumptions held constant.

Annual leave

Upon end of service, staff members may commute unused leave days up to a maximum of 60 working days for those holding a fixed-term or continuing appointment. This is referred to as an annual leave benefit.

The major assumptions used by the actuary were a discount rate of 4.26 per cent; annual salary increases based on the United Nations Joint Staff Pension Fund ranging from 9.1 per cent to 4.0 per cent based on age and category of staff members; and an annual rate of increase in accumulated annual leave balances of 9.1 days for 1 to 3 years of service, 5.1 days for 4 to 6 years of service and 0.7 days for 7 and more years of service.

On the basis of these assumptions, the present value of the accrued liability for annual leave was estimated at $9.981 million as at 31 December 2013 and $8.089 million as at 31 December 2011.

Repatriation benefits

Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based upon length of service and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.

The major assumptions used by the actuary were a discount rate of 4.15 per cent; annual salary increases ranging from 9.1 per cent to 4.0 per cent based on age and category of staff members; and travel cost increases of 2.5 per cent per annum.

On the basis of these assumptions, the present value of the accrued liability for repatriation benefits was estimated at $19.182 million as at 31 December 2013 and $16.806 million as at 31 December 2011.

Note 13
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the organization but is charged against current appropriations when acquired. The following table shows the non-expendable property by categories.

(Thousands of United States dollars)

	2013	*2011*
Computer equipment	2 327	2 656
Office equipment	35	30
Radio and telecommunication equipment	92	71
Audiovisual/photographic equipment	193	186
Transportation equipment	171	90
Furniture	831	957
Maintenance equipment	2	2
Document and reproduction equipment	22	52
Medical equipment	–	–
Total equipment relating to UNEP Projects	**2 471**	**1 533**
Total equipment relating to regional and outposted offices	**6 271**	**5 591**
Total	**12 415**	**11 168**
Summary		
Opening balance	11 168	9 304
Acquisitions	921	1 838
Disposals:		
Write-offs	(81)	(302)
Sales	(34)	–
Donation	(976)	(869)
Transfer to other offices	(137)	–
Adjustments to prior periods[a]	1 554	1 197
Closing balance	**12 415**	**11 168**

[a] Adjustments to the inventory in the database for the prior period to reflect actual physical count as at 31 December 2013.

Note 14
Status of the Regular Budget funds allocations (excludes staff assessments)

(Thousands of United States dollars)

	Allocation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	
				2013	*2011*
Staff and other personnel costs					
Nairobi	11 230	11 218	2	11 220	10 353
Geneva	891	882	–	882	1 623
New York	1 096	1 082	–	1 082	971
UNSCEAR	1 155	1 157	–	1 157	1 059
Subtotal	**14 372**	**14 339**	**2**	**14 341**	**14 006**

	Allocation	Disbursements	Unliquidated obligations	Total expenditure 2013	Total expenditure 2011
Non-staff costs					
Nairobi	3 567	1 586	327	1 913	2 105
Geneva	19	4	–	4	32
New York	31	29	3	32	36
UNSCEAR	415	400	8	408	387
Subtotal	**4 032**	**2 019**	**338**	**2 357**	**2 560**
Total	**18 404**	**16 358**	**340**	**16 698**	**16 566**

Abbreviation: UNSCEAR, United Nations Scientific Committee on the Effects of Atomic Radiation.

Note 15
Contributions in kind

During the biennium ended 31 December 2013, UNEP received $5.808 million in voluntary contributions in kind. These comprise the following:

Category	Amount (thousands of United States dollars)
Office furniture and equipment	10
Leases	1 060
Gratis personnel	2 828
Others	1 910
Total	**5 808**

Note 16
Contingent liabilities

As at 31 December 2013, UNEP had one staff-related potential case of contingent liabilities. Management has determined that it meets the criteria for disclosure as contingent liabilities. The estimated liability for the case is $0.150 million.

Note 17
Cash pools

Background

The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including UNEP. Such surplus funds are combined in two internally managed cash pools, which invest in major segments of the money and fixed-income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities.

Investment activities of all the cash pools are guided by the principles contained in the Investment Management Guidelines ("Guidelines"). An Investment

Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance of the various cash pools.

Investment management objectives

Further to the Guidelines, the investment objectives of all cash pools, in order of priority, are the following:

(a) Safety: ensure the preservation of capital;

(b) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(c) Return on investment: attain a competitive market rate of return taking into account investment risk constraints, and the cash flow characteristics of the pools. Benchmarks determine whether satisfactory market returns are being achieved in the cash pools.

Cash pools

The United Nations Treasury manages investments in two cash pools, the main cash pool and the euro cash pool.

Effective 1 July 2013, the United Nations Headquarters pool and the offices away from Headquarters pool were combined to form the main cash pool. The main cash pool now comprises operational bank account balances and investments in United States dollars.

The euro cash pool comprises investments in euro currency; the pool participants are mostly offices away from Headquarters that may have a surplus of euros from their operations.

The cash pools invest in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of 5 years or less. The cash pools do not invest in derivative instruments, asset-backed, mortgage-backed or equity products.

Investment transactions are now accounted for on a trade date basis, reflecting a change from settlement date to trade date. The 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pools are expensed as incurred in the cash pools and the net income is distributed proportionately to the funds participating in the cash pools. The unrealized market gains/losses on securities and foreign exchange gains/losses are distributed proportionately to all participants based on their end-of-year balances.

Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants.

As at 31 December 2013, investments have been recorded at fair value. The 31 December 2011 comparative figures represent the book value of investments. The 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial.

Financial information pertaining to the cash pools

As at 31 December 2013, the cash pools held total assets of $9,640.8 million; of this amount, $532.9 million was due to UNEP as reflected against the cash pool line in statement II (Statement of assets, liabilities and reserves and fund balances).

Financial information of the cash pools as at 31 December 2013 is summarized in table V.1.

Table V.1
Summary of assets and liabilities of the cash pools as at 31 December 2013
(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Assets			
Short-term investments[a]	5 687 907	27 730	5 715 637
Long-term investments[a]	3 734 459	28 508	3 762 967
Total investments	**9 422 366**	**56 238**	**9 478 604**
Cash	113 200	35 325	148 525
Accrued investment income	13 084	570	13 654
Total assets	**9 548 650**	**92 133**	**9 640 783**
Liabilities			
Payable to UNEP	524 943	7 902	532 845
Payable to other funds participating in the cash pools	9 023 707	84 231	9 107 938
Total liabilities	**9 548 650**	**92 133**	**9 640 783**
Net assets	–	–	–

Summary of net income of the cash pools for the year ended 31 December 2013
(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Income			
Investment revenue	96 592	2 491	99 083
Realized gains on sales of securities	24 643	2 391	27 034
Foreign exchange adjustments	4 241	50	4 291
Unrealized gains (losses)	4 811	(82)	4 729
Net income from investments	**130 287**	**4 850**	**135 137**
Bank fees	(1 083)	(1)	(1 084)
Net income from operations	**129 204**	**4 849**	**134 053**

[a] Amounts are stated at fair value.

Composition of the cash pools

Table V.2 shows a breakdown of investments held in the cash pools by type of instrument.

Table V.2
Investments of the cash pools by type of instrument as at 31 December 2013
(Thousands of United States dollars)

Main pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 073 122	2 077 421
Non-United States sovereigns	670 963	674 773
Supranationals	250 075	250 246
United States agencies	555 494	556 492
United States treasuries	1 597 161	1 592 050
Subtotal	**5 146 815**	**5 150 982**
Discounted instruments	2 138 208	2 138 849
Certificates of deposit	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 417 555**	**9 422 366**

Euro pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	13 942	13 937
Non-United States sovereigns	28 578	28 508
Supranationals	13 794	13 793
Total investments	**56 314**	**56 238**

Total of main pool and euro pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 087 064	2 091 358
Non-United States sovereigns	699 541	703 281
Supranationals	263 869	264 039
United States agencies	555 494	556 492
United States treasuries	1 597 161	1 592 050
Subtotal	**5 203 129**	**5 207 220**
Discounted instruments	2 138 208	2 138 849
Certificates of deposit	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 473 869**	**9 478 604**

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

Financial risk management

The cash pools are exposed to a variety of financial risks including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below.

Credit risk

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Viability Rating is used to rate bank term deposits.

The credit ratings of the issuers whose securities were held in the cash pools are shown in table V.3.

Table V.3
Investments of the cash pools by credit ratings as at 31 December 2013
(Thousands of United States dollars)

Main pool	*Total*[a]	*Ratings*
Bonds	5 150 982	S&P: 32.3% AAA and 63.1% AA+/Aa; 4.6% NR; Moody's: 81.9% Aaa and 18.1% Aa1/Aa3
Discounted instruments	2 138 849	S&P: 71.7% A-1+ and 24.1% NR; Moody's: 95.8% P-1; Fitch: 4.2% aa-
Certificates of deposit	250 003	S&P: 40% A-1+; Moody's: 40% P-1; Fitch: 60% a+/a-
Term deposits	1 882 532	Fitch: 58.6% aa- and 41.4% a+/a/a-
Total investments	**9 422 366**	

Euro pool	*Total*[a]	*Ratings*
Bonds	56 238	S&P: 75% AAA and 25% AA+; Moody's: 100% Aaa
Total investments	**56 238**	

[a] Represents the fair value of securities as at 31 December 2013.

Liquidity risk

The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. They maintain sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pools' cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the cash pools are able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

Currency risk

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate due to changes in foreign exchange rates versus the United States dollar. The main pool has no currency risk as all its investments are in United States dollars. The main pool has currency risk for operational bank balances. The euro pool is exposed to currency risk through holding of securities in euros. Accordingly, funds participating in the euro pool are exposed to currency risk to the extent that their share of investments exceeds their operational requirements for euros.

Interest rate risk

Interest rate risk is the risk of variability in investments' values due to change in interest rates. In general, as interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk.

The cash pools are exposed to interest rate risk as their holdings comprise interest-bearing securities. As at 31 December 2013, the cash pools invested primarily in securities with shorter terms to maturity, with the maximum term being less than 4 years. The average durations of the main pool and the euro pool were 0.92 years and 0.64 years, respectively, which are considered to be indicators of low interest rate risk.

Table V.4 shows how fair value of the cash pools as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equal 1 percentage point). However, in view of the current interest-rate environment, the basis-point shifts should be considered to be illustrative.

Table V.4
Sensitivity of the cash pools to interest rates as of 31 December 2013

	Change in fair value (millions of United States dollars)		
Shift in yield curve (basis points)	*Main pool*	*Euro pool*	*Total*
(200)	174.0	1.1	175.1
(150)	130.0	0.8	130.8
(100)	87.0	0.6	87.6
(50)	43.0	0.3	43.3
0	0.0	0.0	0.0
50	(43.0)	(0.3)	(43.3)
100	(87.0)	(0.6)	(87.6)
150	(130.0)	(0.8)	(130.8)
200	(174.0)	(1.1)	(175.1)

Other price risk

The cash pools are not exposed to significant other price risk, as the pools do not sell short, borrow securities or purchase securities on margin, all of which limits the potential loss of capital.

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